

## § 1080.11

(1) Institute, on behalf of the Bureau, an enforcement proceeding in the district court of the United States for any judicial district in which a person resides, is found, or transacts business, in connection with the failure or refusal of such person to comply with, or to obey, a civil investigative demand in whole or in part if the return date or any extension thereof has passed; and

(2) Seek civil contempt or other appropriate relief in cases where a court order enforcing a civil investigative demand has been violated.

### § 1080.11 Disposition.

(a) When the facts disclosed by an investigation indicate that an enforcement action is warranted, further proceedings may be instituted in Federal or State court or pursuant to the Bureau's administrative adjudicatory process. Where appropriate, the Bureau also may refer investigations to appropriate Federal, State, or foreign governmental agencies.

(b) When the facts disclosed by an investigation indicate that an enforcement action is not necessary or would not be in the public interest, the investigational file will be closed. The matter may be further investigated, at any time, if circumstances so warrant.

(c) The Assistant Director of the Office of Enforcement and the Deputy Assistant Directors of the Office of Enforcement are authorized to close Bureau investigations.

### § 1080.12 Orders requiring witnesses to testify or provide other information and granting immunity.

The Director has the nondelegable authority to request approval from the Attorney General of the United States for the issuance of an order requiring a witness to testify or provide other information and granting immunity under 18 U.S.C. 6004.

### § 1080.13 Custodians.

(a) The Bureau shall designate a custodian and one or more deputy custodians for material to be delivered pursuant to a civil investigative demand in an investigation. The custodian shall have the powers and duties prescribed by 12 CFR 1070.3 and section 1052 of the Act, 12 U.S.C. 5562. Deputy

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custodians may perform all of the duties assigned to custodians.

(b) Material produced pursuant to a civil investigative demand, while in the custody of the custodian, shall be for the official use of the Bureau in accordance with the Act; but such material shall upon reasonable notice to the custodian be made available for examination by the person who produced such material, or his or her duly authorized representative, during regular office hours established for the Bureau.

### § 1080.14 Confidential treatment of demand material and non-public nature of investigations.

(a) Documentary materials, written reports, answers to questions, tangible things or transcripts of oral testimony the Bureau receives in any form or format pursuant to a civil investigative demand are subject to the requirements and procedures relating to the disclosure of records and information set forth in part 1070 of this title.

(b) Bureau investigations generally are non-public. Bureau investigators may disclose the existence of an investigation to potential witnesses or third parties to the extent necessary to advance the investigation.

## PART 1081—RULES OF PRACTICE FOR ADJUDICATION PROCEEDINGS

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AUTHORITY: 12 U.S.C. 5563(e); 12 U.S.C. 5512(b).

SOURCE: 77 FR 39083, June 29, 2012, unless otherwise noted.

## **Subpart A—General Rules**

### **§ 1081.100 Scope of the rules of practice.**

Subparts A, B, C, and D of this part prescribe rules of practice and procedure applicable to adjudication proceedings authorized by section 1053 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) to ensure or enforce compliance with the provisions of Title X of the Dodd-Frank Act, rules prescribed by the Bureau under Title X of the Dodd-Frank Act, and any other Federal law or regulation that the Bureau is authorized to enforce. Except as otherwise provided in this part, the rules of practice contained in subparts A, B, C, and D of this part do not govern the conduct of Bureau investigations, investigational hearings or other proceedings that do not arise from proceedings after a notice of charges or a stipulation and consent order.

[78 FR 59164, Sept. 26, 2013]

### **§ 1081.101 Expedition and fairness of proceedings.**

To the extent practicable, consistent with requirements of law, the Bureau's policy is to conduct such adjudication proceedings fairly and expeditiously. In the conduct of such proceedings, the hearing officer and counsel for all parties shall make every effort at each stage of a proceeding to avoid delay. With the consent of the parties, the Director, at any time, or the hearing officer at any time prior to the filing of his or her recommended decision, may shorten any time limit prescribed by this part.

### **§ 1081.102 Rules of construction.**

For the purposes of this part:

(a) Any term in the singular includes the plural, and the plural includes the singular, if such use would be appropriate;

(b) Any use of a masculine, feminine, or neutral gender encompasses all three, if such use would be appropriate;

(c) Unless context requires otherwise, a party's counsel of record, if any, may, on behalf of that party, take any action required to be taken by the party; and

(d) To the extent this part uses terms defined by section 1002 of the Dodd-Frank Act, such terms shall have the same meaning as set forth therein, unless defined differently by § 1081.103.

**§ 1081.103 Definitions.**

For the purposes of this part, unless explicitly stated to the contrary:

*Dodd-Frank Act* means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Public Law 111–203 (July 21, 2010).

*Adjudication proceeding* means a proceeding conducted pursuant to section 1053 of the Dodd-Frank Act and intended to lead to the formulation of a final order other than a temporary order to cease and desist issued pursuant to section 1053(c) of the Dodd-Frank Act.

*Bureau* means the Bureau of Consumer Financial Protection.

*Chief hearing officer* means the hearing officer charged with assigning hearing officers to specific proceedings, in the event there is more than one hearing officer available to the Bureau.

*Counsel* means any person representing a party pursuant to § 1081.107.

*Decisional employee* means any employee of the Bureau who has not engaged in an investigative or prosecutorial role in a proceeding and who may assist the Director or the hearing officer, respectively, in preparing orders, recommended decisions, decisions, and other documents under this part.

*Director* means the Director of the Bureau or a person authorized to perform the functions of the Director in accordance with the law.

*Enforcement counsel* means any individual who files a notice of appearance as counsel on behalf of the Bureau in an adjudication proceeding.

*Final order* means an order issued by the Bureau with or without the consent of the respondent, which has become final, without regard to the pendency of any petition for reconsideration or review.

*General Counsel* means the General Counsel of the Bureau or any Bureau employee to whom the General Counsel has delegated authority to act under this part.

*Hearing officer* means an administrative law judge or any other person duly authorized to preside at a hearing.

*Notice of charges* means the pleading that commences an adjudication proceeding, as described in § 1081.200, except that it does not include a stipulation and consent order under § 1081.200(d).

*Office of Administrative Adjudication* means the office of the Bureau responsible for conducting adjudication proceedings.

*Office of Enforcement* means the office of the Bureau responsible for enforcement of Federal consumer financial law.

*Party* means the Bureau, any person named as a party in any notice of charges issued pursuant to this part, and, to the extent applicable, any person who intervenes in the proceeding pursuant to § 1081.119(a) to seek a protective order.

*Person* means an individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity.

*Person employed by the Bureau* means Bureau employees, contractors, agents, and others acting for or on behalf of the Bureau, or at its direction, including consulting experts.

*Respondent* means the party named in the notice of charges.

*State* means any State, territory, or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, or the United States Virgin Islands or any federally recognized Indian tribe, as defined by the Secretary of the Interior under section 104(a) of the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 479a–1(a).

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### § 1081.104 Authority of the hearing officer.

(a) *General Rule.* The hearing officer shall have all powers necessary to conduct a proceeding in a fair and impartial manner and to avoid unnecessary delay. No provision of this part shall be construed to limit the powers of the hearing officers provided by the Administrative Procedure Act, 5 U.S.C. 556, 557.

(b) *Powers.* The powers of the hearing officer include but are not limited to the power:

(1) To administer oaths and affirmations;

(2) To issue subpoenas, subpoenas *duces tecum*, and protective orders, as authorized by this part, and to quash or modify any such subpoenas or orders;

(3) To take depositions or cause depositions to be taken;

(4) To receive relevant evidence and to rule upon the admission of evidence and offers of proof;

(5) To regulate the course of a proceeding and the conduct of parties and their counsel;

(6) To reject written submissions that materially fail to comply with the requirements of this part, and to deny confidential status to documents and testimony without prejudice until a party complies with all relevant rules;

(7) To hold conferences for settlement, simplification of the issues, or any other proper purpose and require the attendance at any such conference of at least one representative of each party who has authority to negotiate concerning the resolution of issues in controversy;

(8) To inform the parties as to the availability of one or more alternative means of dispute resolution, and to encourage the use of such methods;

(9) To certify questions to the Director for his or her determination in accordance with the rules of this part;

(10) To consider and rule upon, as justice may require, all procedural and other motions appropriate in adjudication proceedings;

(11) To issue and file recommended decisions;

(12) To recuse himself or herself by motion made by a party or on his or her own motion;

(13) To issue such sanctions against parties or their counsel as may be necessary to deter repetition of sanctionable conduct or comparable conduct by others similarly situated, as provided for in this part or as otherwise necessary to the appropriate conduct of hearings and related proceedings, provided that no sanction shall be imposed before providing the sanctioned person an opportunity to show cause why no such sanction should issue; and

(14) To do all other things necessary and appropriate to discharge the duties of a presiding officer.

### § 1081.105 Assignment, substitution, performance, disqualification of hearing officer.

(a) *How assigned.* In the event that more than one hearing officer is available to the Bureau for the conduct of proceedings under this part, the presiding hearing officer shall be designated by the chief hearing officer, who shall notify the parties of the hearing officer designated.

(b) *Interference.* Hearing officers shall not be subject to the supervision or direction of, or responsible to, any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for the Bureau, and all direction by the Bureau to the hearing officer concerning any adjudication proceedings shall appear in and be made part of the record.

(c) *Disqualification of hearing officers.*

(1) When a hearing officer deems himself or herself disqualified to preside in a particular proceeding, he or she shall issue a notice stating that he or she is withdrawing from the matter and setting forth the reasons therefore.

(2) Any party who has a reasonable, good faith basis to believe that a hearing officer has a personal bias, or is otherwise disqualified from hearing a case, may make a motion to the hearing officer that the hearing officer withdraw. The motion shall be accompanied by an affidavit setting forth the facts alleged to constitute grounds for disqualification. Such motion shall be filed at the earliest practicable time after the party learns, or could reasonably have learned, of the alleged grounds for disqualification. If the

hearing officer does not disqualify himself or herself within ten days, he or she shall certify the motion to the Director pursuant to §1081.211, together with any statement he or she may wish to have considered by the Director. The Director shall promptly determine the validity of the grounds alleged, either directly or on the report of another hearing officer appointed to conduct a hearing for that purpose, and shall either direct the reassignment of the matter or confirm the hearing officer's continued role in the matter.

(d) *Unavailability of hearing officer.* In the event that the hearing officer withdraws or is otherwise unable to perform the duties of the hearing officer, the chief hearing officer or the Director shall designate another hearing officer to serve.

**§ 1081.106 Deadlines.**

The deadlines for action by the hearing officer established by §§1081.203, 1081.205, 1081.211, 1081.212, and 1081.400, or elsewhere in this part, confer no substantive rights on respondents.

**§ 1081.107 Appearance and practice in adjudication proceedings.**

(a) *Appearance before the Bureau or a hearing officer—*(1) *By attorneys.* Any member in good standing of the bar of the highest court of any State may represent others before the Bureau if such attorney is not currently suspended or debarred from practice before the Bureau or by a court of the United States or of any State.

(2) *By non-attorneys.* So long as such individual is not currently suspended or debarred from practice before the Bureau:

(i) An individual may appear on his or her own behalf;

(ii) A member of a partnership may represent the partnership;

(iii) A duly authorized officer of a corporation, trust or association may represent the corporation, trust or association; and

(iv) A duly authorized officer or employee of any government unit, agency, or authority may represent that unit, agency, or authority.

(3) *Notice of appearance.* Any individual acting as counsel on behalf of a party, including the Bureau, shall file a

notice of appearance at or before the time that the individual submits papers or otherwise appears on behalf of a party in the adjudication proceeding. The notice of appearance must include a written declaration that the individual is currently qualified as provided in paragraph (a)(1) or (a)(2) of this section and is authorized to represent the particular party, and if applicable, must include the attorney's jurisdiction of admission or qualification, attorney identification number, and a statement by the appearing attorney attesting to his or her good standing within the legal profession. By filing a notice of appearance on behalf of a party in an adjudication proceeding, the counsel agrees and represents that he or she is authorized to accept service on behalf of the represented party and that, in the event of withdrawal from representation, he or she will, if required by the hearing officer, continue to accept service until a new counsel has filed a notice of appearance or until the represented party indicates that he or she will proceed on a pro se basis. The notice of appearance shall provide the representative's email address, telephone number and business address and, if different from the representative's addresses, electronic or other address at which the represented party may be served.

(b) *Sanctions.* Dilatory, obstructive, egregious, contemptuous or contumacious conduct at any phase of any adjudication proceeding may be grounds for exclusion or suspension of counsel from the proceeding. An order imposing a sanction must describe the sanctioned conduct and explain the basis for the sanction.

(c) *Standards of conduct; disbarment.*

(1) All attorneys practicing before the Bureau shall conform to the standards of ethical conduct required by the bars of which the attorneys are members.

(2) If for good cause shown, the Director believes that any attorney is not conforming to such standards, or that an attorney or counsel to a party has otherwise engaged in conduct warranting disciplinary action, the Director may issue an order requiring such person to show cause why he should not be suspended or disbarred from practice before the Bureau. The alleged

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offender shall be granted due opportunity to be heard in his or her own defense and may be represented by counsel. Thereafter, if warranted by the facts, the Director may issue against the attorney or counsel an order of reprimand, suspension, or disbarment.

### § 1081.108 Good faith certification.

(a) *General requirement.* Every filing or submission of record following the issuance of a notice of charges shall be signed by at least one counsel of record in his or her individual name and shall state counsel's address, email address, and telephone number. A party who acts as his or her own counsel shall sign his or her individual name and state his or her address, email address, and telephone number on every filing or submission of record. Papers filed by electronic transmission may be signed with an "/s/" notation, which shall be deemed the signature of the party or representative whose name appears below the signature line.

(b) *Effect of signature.* (1) The signature of counsel or a party shall constitute a certification that: the counsel or party has read the filing or submission of record; to the best of his or her knowledge, information, and belief formed after reasonable inquiry, the filing or submission of record is well-grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; and the filing or submission of record is not made for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(2) If a filing or submission of record is not signed, the hearing officer shall strike the filing or submission of record, unless it is signed promptly after the omission is called to the attention of the filer.

(c) *Effect of making oral motion or argument.* The act of making any oral motion or oral argument by any counsel or party constitutes a certification that to the best of his or her knowledge, information, and belief formed after reasonable inquiry, his or her statements are well-grounded in fact and are warranted by existing law or a good faith argument for the extension,

modification, or reversal of existing law, and are not made for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(d) *Sanctions.* Counsel or a party that fails to abide by the requirements of this section may be subject to sanctions pursuant to § 1081.104(b)(13).

### § 1081.109 Conflict of interest.

(a) *Conflict of interest in representation.* No person shall appear as counsel for another person in an adjudication proceeding if it reasonably appears that such representation may be materially limited by that counsel's responsibilities to a third person or by the counsel's own interests. The hearing officer may take corrective measures at any stage of a proceeding to cure a conflict of interest in representation, including the issuance of an order limiting the scope of representation or disqualifying an individual from appearing in a representative capacity for the duration of the proceeding.

(b) *Certification and waiver.* If any person appearing as counsel represents two or more parties to an adjudication proceeding or also represents a non-party on a matter relevant to an issue in the proceeding, counsel must certify in writing at the time of filing the notice of appearance required by § 1081.107(a)(3):

(1) That the counsel has personally and fully discussed the possibility of conflicts of interest with each such party and non-party; and

(2) That each such party and/or non-party waives any right it might otherwise have had to assert any known conflicts of interest or to assert any conflicts of interest during the course of the proceeding.

### § 1081.110 Ex parte communication.

(a) *Definitions.* (1) For purposes of this section, *ex parte communication* means any material oral or written communication relevant to the merits of an adjudication proceeding that was neither on the record nor on reasonable prior notice to all parties that takes place between:

(i) An interested person not employed by the Bureau (including such person's counsel); and

(ii) The hearing officer handling the proceeding, the Director, or a decisional employee.

(2) *Exception.* A request for status of the proceeding does not constitute an ex parte communication.

(3) *Pendency of an adjudication proceeding* means the time from when the Bureau issues a notice of charges, unless the person responsible for the communication has knowledge that a notice of charges will be issued, in which case the pendency of an adjudication shall commence at the time of his or her acquisition of such knowledge, or from when an order by a court of competent jurisdiction remanding a Bureau decision and order for further proceedings becomes effective, until the time the Director enters his or her final decision and order in the proceeding and the time permitted to seek reconsideration of that decision and order has elapsed. For purposes of this section, an order of remand by a court of competent jurisdiction shall be deemed to become effective when the Bureau's right to petition for review or for a writ of certiorari has lapsed without a petition having been filed, or when such a petition has been denied. If a petition for reconsideration of a Bureau decision is filed pursuant to § 1081.406, the matter shall be considered to be a pending adjudication proceeding until the time the Bureau enters an order disposing of the petition.

(b) *Prohibited ex parte communications.* During the pendency of an adjudication proceeding, except to the extent required for the disposition of ex parte matters as authorized by law or as otherwise authorized by this part:

(1) No interested person not employed by the Bureau shall make or knowingly cause to be made to the Director, or to the hearing officer, or to any decisional employee, an ex parte communication; and

(2) The Director, the hearing officer, or any decisional employee shall not make or knowingly cause to be made to any interested person not employed by the Bureau any ex parte communication.

(c) *Procedure upon occurrence of ex parte communication.* If an ex parte communication prohibited by paragraph (b) of this section is received by

the hearing officer, the Director, or any decisional employee, that person shall cause all such written communications (or, if the communication is oral, a memorandum stating the substance of the communication) to be placed on the record of the proceeding and served on all parties. All other parties to the proceeding shall have an opportunity, within ten days of receipt of service of the ex parte communication, to file responses thereto and to recommend any sanctions, in accordance with paragraph (d) of this section, that they believe to be appropriate under the circumstances.

(d) *Sanctions—(1) Adverse action on claim.* Upon receipt of an ex parte communication knowingly made or knowingly caused to be made by a party and prohibited by paragraph (b) of this section, the Director or hearing officer, as appropriate, may, to the extent consistent with the interests of justice and the policy of the underlying statutes, require the party to show cause why his claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected on account of such violation.

(2) *Discipline of persons practicing before the Bureau.* The Director may, to the extent not prohibited by law, censure, suspend, or revoke the privilege to practice before the Bureau of any person who makes, or solicits the making of, an unauthorized ex parte communication.

(e) *Separation of functions.* Except to the extent required for the disposition of ex parte matters as authorized by law, the hearing officer may not consult a person or party on any matter relevant to the merits of the adjudication, unless upon notice and opportunity for all parties to participate. An employee or agent engaged in the performance of investigative or prosecuting functions for the Bureau in a case, other than the Director, may not, in that or a factually related case, participate or advise in the decision, recommended decision, or agency review of the recommended decision, except as witness or counsel in public proceedings.

**§ 1081.111 Filing of papers.**

(a) *Filing.* The following papers must be filed by parties in an adjudication proceeding: the notice of charges, proof of service of the notice of charges, notices of appearance, answer, the disclosure statement required under § 1081.201(e), motion, brief, request for issuance or enforcement of a subpoena, response, opposition, reply, notice of appeal, or petition for reconsideration. The hearing officer shall file all written orders, rulings, notices, or requests. Any papers required to be filed shall be filed with the Office of Administrative Adjudication, except as otherwise provided herein.

(b) *Manner of filing.* Unless otherwise specified by the Director or the hearing officer, filing may be accomplished by:

(1) Electronic transmission in accordance with guidance issued by the Office of Administrative Adjudication; or

(2) Any of the following methods if respondent demonstrates, in accordance with guidance issued by the Office of Administrative Adjudication, that electronic filing is not practicable:

(i) Personal delivery;

(ii) Delivery to a reliable commercial courier service or overnight delivery service; or

(iii) Mailing the papers through the U.S. Postal Service by First Class Mail, Registered Mail, Certified Mail or Express Mail.

(c) *Papers filed in an adjudication proceeding are presumed to be public.* Unless otherwise ordered by the Bureau or the hearing officer, all papers filed in connection with an adjudication proceeding are presumed to be open to the public. The Bureau may provide public access to and publish any papers filed in an adjudication proceeding except if there is a pending motion for a protective order filed pursuant to § 1081.119, or if there is an order from the Director, hearing officer, or a Federal court authorizing the confidential treatment of the papers filed.

**§ 1081.112 Formal requirements as to papers filed.**

(a) *Form.* All papers filed by parties must:

(1) Set forth the name, address, telephone number, and email address of the counsel or party making the filing;

(2) Be double-spaced (except for single-spaced footnotes and single-spaced indented quotations) and printed or typewritten on 8½ × 11 inch paper in 12-point or larger font;

(3) Include at the head of the paper, or on a title page, a caption setting forth the title of the case, the docket number of the proceeding, and a brief descriptive title indicating the purpose of the paper;

(4) Be paginated with margins at least one inch wide; and

(5) If filed by other than electronic means, be stapled, clipped or otherwise fastened in a manner that lies flat when opened.

(b) *Signature.* All papers must be dated and signed as provided in § 1081.108.

(c) *Number of copies.* Unless otherwise specified by the Director or the hearing officer, one copy of all documents and papers shall be filed if filing is by electronic transmission. If filing is accomplished by any other means, an original and one copy of all documents and papers shall be filed, except that only one copy of transcripts of testimony and exhibits must be filed.

(d) *Authority to reject document for filing.* The Office of Administrative Adjudication or the hearing officer may reject a document for filing that materially fails to comply with these rules.

(e) *Sensitive personal information.* Sensitive personal information means an individual's Social Security number, taxpayer identification number, financial account number, credit card or debit card number, driver's license number, State-issued identification number, passport number, date of birth (other than year), and any sensitive health information identifiable by individual, such as an individual's medical records. Sensitive personal information shall not be included in, and must be redacted or omitted from, filings unless the person filing the paper determines that such information is relevant or otherwise necessary for the conduct of the proceeding. If the person filing a paper determines the sensitive personal information contained in the paper is relevant or necessary to the proceeding, the person shall file the paper in accordance with paragraph (f)



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of this section, including filing an expurgated copy of the paper with the sensitive personal information redacted.

(f) *Confidential treatment of information in certain filings.* A party seeking confidential treatment of information contained in a filing must contemporaneously file either a motion requesting such treatment in accordance with § 1081.119 or a copy of the order from the Director, hearing officer, or Federal court authorizing such confidential treatment. The filing must comply with any applicable order of the Director or hearing officer and must be accompanied by:

(1) A complete, sealed copy of the documents containing the materials as to which confidential treatment is sought, with the allegedly confidential material clearly marked as such, and with the first page of the document labeled “Under Seal.” If the movant seeks or has obtained a protective order against disclosure to other parties as well as the public, copies of the documents shall not be served on other parties; and

(2) An expurgated copy of the materials as to which confidential treatment is sought, with the allegedly confidential materials redacted. The redacted version shall indicate any omissions with brackets or ellipses, and its pagination and depiction of text on each page shall be identical to that of the sealed version.

(g) *Certificate of service.* Any papers filed in an adjudication proceeding shall contain proof of service on all other parties or their counsel in the form of a statement of the date and manner of service and of the names of the persons served, certified by the person who made service. The certificate of service must be affixed to the papers filed and signed in accordance with § 1081.108.

### § 1081.113 Service of papers.

(a) *When required.* In every adjudication proceeding, each paper required to be filed by § 1081.111 shall be served upon each party in the proceeding in accordance with the provisions of this section; provided, however, that absent an order to the contrary, no service

shall be required for motions which are to be heard *ex parte*.

(b) *Upon a person represented by counsel.* Whenever service is required to be made upon a person represented by counsel who has filed a notice of appearance pursuant to § 1081.107(a)(3), service shall be made pursuant to paragraph (c) of this section upon counsel, unless service upon the person represented is ordered by the Director or the hearing officer, as appropriate.

(c) *Method of service.* Except as provided in paragraph (d) of this section or as otherwise ordered by the hearing officer or the Director, service shall be made by delivering a copy of the filing by one of the following methods:

(1) Transmitting the papers by electronic transmission where the persons so serving each other have consented to service by specified electronic transmission and provided the Bureau and the parties with notice of the means for service by electronic transmission (e.g., email address or facsimile number);

(2) Handing a copy to the person required to be served; or leaving a copy at the person's office with a clerk or other person in charge thereof, or, if there is no one in charge, leaving it in a conspicuous place therein; or, if the office is closed or the person to be served has no office, leaving it at the person's dwelling or usual place of abode with some person of suitable age and discretion then residing therein;

(3) Mailing the papers through the U.S. Postal Service by First Class Mail, Registered Mail, Certified Mail or Express Mail delivery addressed to the person; or

(4) Sending the papers through a third-party commercial courier service or express delivery service.

(d) *Service of certain papers by the Bureau.* Service of the notice of charges, recommended decisions and final orders of the Bureau shall be effected as follows:

(1) *Service of a notice of charges.* (i) *To individuals.* Notice of a proceeding shall be made to an individual by delivering a copy of the notice of charges to the individual or to an agent authorized by appointment or by law to receive such notice. Delivery, for purposes of this paragraph, means handing a copy of

the notice to the individual; or leaving a copy at the individual's office with a clerk or other person in charge thereof; or leaving a copy at the individual's dwelling house or usual place of abode with some person of suitable age and discretion then residing therein; or sending a copy of the notice addressed to the individual through the U.S. Postal Service by Registered Mail, Certified Mail or Express Mail delivery, or by third-party commercial carrier, for overnight delivery and obtaining a confirmation of receipt.

(ii) *To corporations or entities.* Notice of a proceeding shall be made to a person other than a natural person by delivering a copy of the notice of charges to an officer, managing or general agent, or any other agent authorized by appointment or law to receive such notice, by any method specified in paragraph (d)(1)(i) of this section.

(iii) *Upon persons registered with the Bureau.* In addition to any other method of service specified in paragraph (d)(1)(i) or (ii) of this section, notice may be made to a person currently registered with the Bureau by sending a copy of the notice of charges addressed to the most recent business address shown on the person's registration form by U.S. Postal Service certified, registered or Express Mail and obtaining a confirmation of receipt or attempted delivery.

(iv) *Upon persons in a foreign country.* Notice of a proceeding to a person in a foreign country may be made by any method specified in paragraph (d)(1) of this section, or by any other method reasonably calculated to give notice, provided that the method of service used is not prohibited by the law of the foreign country.

(v) *Record of service.* The Bureau shall maintain and file a record of service of the notice of charges on parties, identifying the party given notice, the method of service, the date of service, the address to which service was made, and the person who made service. If service is made in person, the certificate of service shall state, if available, the name of the individual to whom the notice of charges was given. If service is made by U.S. Postal Service Registered Mail, Certified Mail or Express Mail, the Bureau shall maintain the con-

firmation of receipt or attempted delivery. If service is made to an agent authorized by appointment to receive service, the certificate of service shall be accompanied by evidence of the appointment.

(vi) *Waiver of service.* In lieu of service as set forth in paragraph (d)(1)(i) or (d)(1)(ii) of this section, the party may be provided a copy of the notice of charges by First Class Mail or other reliable means if a waiver of service is obtained from the party and placed in the record.

(2) *Service of recommended decisions and final orders.* Recommended decisions issued by the hearing officer and final orders issued by the Bureau shall be served promptly on each party pursuant to any method of service authorized under paragraph (d)(1) of this section. Such decisions and orders may also be served by electronic transmission if the party to be served has agreed to accept such service in writing, signed by the party or its counsel, and has provided the Bureau with information concerning the manner of electronic transmission.

#### § 1081.114 Construction of time limits.

(a) *General rule.* In computing any period of time prescribed by this part, by order of the Director or a hearing officer, or by any applicable statute, the date of the act or event that commences the designated period of time is not included. The last day so computed is included unless it is a Saturday, Sunday, or Federal holiday as set forth in 5 U.S.C. 6103(a). When the last day is a Saturday, Sunday, or Federal holiday, the period runs until the end of the next day that is not a Saturday, Sunday, or Federal holiday. Intermediate Saturdays, Sundays, and Federal holidays are included in the computation of time, except when the time period within which an act is to be performed is ten days or less, not including any additional time allowed for in paragraph (c) of this section.

(b) *When papers are deemed to be filed or served.* Filing and service are deemed to be effective:

(1) In the case of personal service or same day commercial courier delivery, upon actual receipt by person served;

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(2) In the case of overnight commercial delivery service, Express Mail delivery, First Class Mail, Registered Mail, or Certified Mail, upon deposit in or delivery to an appropriate point of collection; or

(3) In the case of electronic transmission, upon transmission.

(c) *Calculation of time for service and filing of responsive papers.* Whenever a time limit is measured by a prescribed period from the service of any notice or paper, the applicable time limits are calculated as follows:

(1) If service is made by First Class Mail, Registered Mail, or Certified Mail, add three calendar days to the prescribed period;

(2) If service is made by Express Mail or overnight delivery service, add one calendar day to the prescribed period; or

(3) If service is made by electronic transmission, add one calendar day to the prescribed period.

### § 1081.115 Change of time limits.

(a) Except as otherwise provided by law, the hearing officer may, in any proceeding before him or her, for good cause shown, extend the time limits prescribed by this part or by any notice or order issued in the proceedings. After appeal to the Director pursuant to § 1081.402, the Director may grant extensions of the time limits for good cause shown. Extensions may be granted on the motion of a party after notice and opportunity to respond is afforded all non-moving parties or on the Director's or the hearing officer's own motion, as appropriate.

(b) *Considerations in determining whether to extend time limits or grant postponements, adjournments and extensions.* In considering all motions for extensions of time filed pursuant to paragraph (a) of this section, the Director or the hearing officer should adhere to a policy of strongly disfavoring granting such motions, except in circumstances where the moving party makes a strong showing that the denial of the motion would substantially prejudice its case. In determining whether to grant any motions, the Director or hearing officer, as appropriate, shall consider, in addition to any other relevant factors:

(1) The length of the proceeding to date;

(2) The number of postponements, adjournments or extensions already granted;

(3) The stage of the proceedings at the time of the motion;

(4) The impact of the motion on the hearing officer's ability to complete the proceeding in the time specified by § 1081.400(a); and

(5) Any other matters as justice may require.

(c) *Time limit.* Postponements, adjournments, or extensions of time for filing papers shall not exceed 21 days unless the Director or the hearing officer, as appropriate, states on the record or sets forth in a written order the reasons why a longer period of time is necessary.

(d) *No effect on deadline for recommended decision.* The granting of any extension of time pursuant to this section shall not affect any deadlines set pursuant to § 1081.400(a).

### § 1081.116 Witness fees and expenses.

Respondents shall pay to witnesses subpoenaed for testimony or depositions on their behalf the same fees for attendance and mileage as are paid in the United States district courts in proceedings in which the United States is a party, provided that, in the case of a deposition subpoena addressed to a party, no witness fees or mileage need be paid. Fees for witnesses shall be tendered in advance by any respondent requesting the issuance of a subpoena, except that fees and mileage need not be tendered in advance where the Bureau is the party requesting the subpoena. The Bureau shall pay to witnesses subpoenaed for testimony or depositions on behalf of the Office of Enforcement the same fees for attendance and mileage as are paid in the United States district courts in proceedings in which the United States is a party, but the Bureau need not tender such fees in advance.

### § 1081.117 Bureau's right to conduct examination, collect information.

Nothing contained in this part limits in any manner the right of the Bureau to conduct any examination, inspection, or visitation of any person, to

conduct or continue any form of investigation authorized by law, to collect information in order to monitor the market for risks to consumers in the offering or provision of consumer financial products or services, or to otherwise gather information in accordance with law.

**§ 1081.118 Collateral attacks on adjudication proceedings.**

Unless a court of competent jurisdiction, or the Director for good cause, so directs, if an interlocutory appeal or collateral attack is brought in any court concerning all or any part of an adjudication proceeding, the challenged adjudication proceeding shall continue without regard to the pendency of that court proceeding. No default or other failure to act as directed in the adjudication proceeding within the times prescribed in this part shall be excused based on the pendency before any court of any interlocutory appeal or collateral attack.

**§ 1081.119 Confidential information; protective orders.**

(a) *Rights of third parties.* Any party that intends to disclose information obtained from a third party that is subject to a claim of confidentiality must provide notice to the third party at least ten days prior to the proposed disclosure of such information. In response to such notice, the third party may consent to the disclosure of such information, which may be conditioned on the entry of an appropriate protective order, or may intervene in the proceeding for the limited purpose of moving for a protective order pursuant to this section. Any written filing by a party that contains such confidential information must be accompanied by a certification that proper notice was provided. The act of making any oral motion or oral argument by any counsel or party which contains such confidential information constitutes a certification that proper notice was provided. A third party wishing to intervene for purposes of protecting its confidential information may file a single motion, in conformity with all applicable rules, setting forth the basis of both the third party's right to intervene and the basis for the protective

order, in conformity with paragraph (b).

(b) *Procedure.* In any adjudication proceeding, a party, including a third party who has intervened pursuant to paragraph (a) of this section, may file a motion requesting a protective order to limit from disclosure to other parties or to the public documents or testimony that contain confidential information. The motion should include a general summary or extract of the documents or testimony without revealing confidential details, and a copy of the proposed protective order. A motion for confidential treatment of documents should be filed in accordance with § 1081.112(f), and all other applicable rules.

(c) *Basis for issuance.* Documents and testimony introduced in a public hearing, or filed in connection with an adjudication proceeding, are presumed to be public. A motion for a protective order shall be granted:

(1) Upon a finding that public disclosure will likely result in a clearly defined, serious injury to the party or third party requesting confidential treatment;

(2) After finding that the material constitutes sensitive personal information, as defined in § 1081.112(e);

(3) If all parties, including third parties to the extent their information is at issue, stipulate to the entry of a protective order; or

(4) Where public disclosure is prohibited by law.

(d) *Requests for additional information supporting confidentiality.* The hearing officer may require a movant under paragraph (b) of this section to furnish in writing additional information with respect to the grounds for confidentiality. Failure to supply the information so requested within five days from the date of receipt by the movant of a notice of the information required shall be deemed a waiver of the objection to public disclosure of that portion of the documents to which the additional information relates, unless the hearing officer shall otherwise order for good cause shown at or before the expiration of such five-day period.

(e) *Confidentiality of documents pending decision.* Pending a determination

of a motion under this section, the documents as to which confidential treatment is sought and any other documents that would reveal the confidential information in those documents shall be maintained under seal and shall be disclosed only in accordance with orders of the hearing officer. Any order issued in connection with a motion under this section shall be public unless the order would disclose information as to which a protective order has been granted, in which case that portion of the order that would reveal the protected information shall be non-public.

**§ 1081.120 Settlement.**

(a) *Availability.* Any respondent in an adjudication proceeding instituted under this part, may, at any time, propose in writing an offer of settlement.

(b) *Procedure.* An offer of settlement shall state that it is made pursuant to this section; shall recite or incorporate as a part of the offer the provisions of paragraphs (c)(3) and (4) of this section; shall be signed by the person making the offer, not by counsel; and shall be submitted to enforcement counsel.

(c) *Consideration of offers of settlement.*

(1) Offers of settlement shall be considered when time, the nature of the proceedings, and the public interest permit.

(2) Any settlement offer shall be presented to the Director with a recommendation, except that, if the recommendation is unfavorable, the offer shall not be presented to the Director unless the person making the offer so requests.

(3) By submitting an offer of settlement, the person making the offer waives, subject to acceptance of the offer:

(i) All hearings pursuant to the statutory provisions under which the proceeding has been instituted;

(ii) The filing of proposed findings of fact and conclusions of law;

(iii) Proceedings before, and a recommended decision by, a hearing officer;

(iv) All post-hearing procedures;

(v) Judicial review by any court; and

(vi) Any objection to the jurisdiction of the Bureau under section 1053 of the Dodd-Frank Act.

(4) By submitting an offer of settlement the person further waives:

(i) Such provisions of this part or other requirements of law as may be construed to prevent any Bureau employee from participating in the preparation of, or advising the Director as to, any order, opinion, finding of fact, or conclusion of law to be entered pursuant to the offer; and

(ii) Any right to claim bias or prejudice by the Director based on the consideration of or discussions concerning settlement of all or any part of the proceeding.

(5) If the Director rejects the offer of settlement, the person making the offer shall be notified of the Director's action and the offer of settlement shall be deemed withdrawn. The rejected offer shall not constitute a part of the record in any proceeding against the person making the offer, provided, however, that rejection of an offer of settlement does not affect the continued validity of waivers pursuant to paragraph (c)(4) of this section with respect to any discussions concerning the rejected offer of settlement.

(d) *Consent orders.* If the Director accepts the offer of settlement, all terms and conditions of a settlement entered into under this section shall be recorded in a written stipulation signed by all settling parties, and a consent order concluding the proceeding. The stipulation and consent order shall be filed pursuant to § 1081.111, and shall recite or incorporate as a part of the stipulation the provisions of paragraphs (c)(3) and (4) of this section. The Director will then issue a consent order, which shall be a final order concluding the proceeding.

**§ 1081.121 Cooperation with other agencies.**

It is the policy of the Bureau to cooperate with other governmental agencies to avoid unnecessary overlap or duplication of regulatory functions.

### Subpart B—Initiation of Proceedings and Prehearing Rules

#### § 1081.200 Commencement of proceeding and contents of notice of charges.

(a) *Commencement of proceeding.* A proceeding governed by subparts A, B, C, and D of this part is commenced by filing of a notice of charges by the Bureau in accordance with § 1081.111. The notice of charges must be served by the Bureau upon the respondent in accordance with § 1081.113(d)(1).

(b) *Contents of a notice of charges.* The notice of charges must set forth:

(1) The legal authority for the proceeding and for the Bureau's jurisdiction over the proceeding;

(2) A statement of the matters of fact and law showing that the Bureau is entitled to relief;

(3) A proposed order or prayer for an order granting the requested relief;

(4) The time and place of the hearing as required by law or regulation;

(5) The time within which to file an answer as required by law or regulation;

(6) That the answer shall be filed and served in accordance with subpart A of this part; and

(7) The docket number for the adjudication proceeding.

(c) *Publication of notice of charges.* Unless otherwise ordered by the Bureau, the notice of charges shall be given general circulation by release to the public, by publication on the Bureau's Web site and, where directed by the hearing officer or the Director, by publication in the FEDERAL REGISTER. The Bureau may publish any notice of charges after ten days from the date of service except if there is a pending motion for a protective order filed pursuant to § 1081.119.

(d) *Commencement of proceeding through a consent order.* Notwithstanding paragraph (a) of this section, where the parties agree to settlement before the filing of a notice of charges, a proceeding may be commenced by filing a stipulation and consent order. The stipulation and consent order shall be filed pursuant to § 1081.111. The stipulation shall contain the information required under § 1081.120(d), and the consent order shall contain the infor-

mation required under paragraphs (b)(1) through (b)(2) of this section. The proceeding shall be concluded upon issuance of the consent order by the Director.

(e) *Voluntary dismissal*—(1) *Without an order.* The Bureau may voluntarily dismiss an adjudication proceeding without an order entered by a hearing officer by filing either:

(i) A notice of dismissal before the respondent(s) serves an answer; or

(ii) A stipulation of dismissal signed by all parties who have appeared.

(2) *Effect.* Unless the notice or stipulation states otherwise, the dismissal is without prejudice, and does not operate as an adjudication on the merits.

[77 FR 39083, June 29, 2012, as amended at 78 FR 59164, Sept. 26, 2013]

#### § 1081.201 Answer and disclosure statement and notification of financial interest.

(a) *Time to file answer.* Within 14 days of service of the notice of charges, respondent shall file an answer as designated in the notice of charges.

(b) *Content of answer.* An answer must specifically respond to each paragraph or allegation of fact contained in the notice of charges and must admit, deny, or state that the party lacks sufficient information to admit or deny each allegation of fact. A statement of lack of information has the effect of a denial. Denials must fairly meet the substance of each allegation of fact denied; general denials are not permitted. When a respondent denies part of an allegation, that part must be denied and the remainder specifically admitted. Any allegation of fact in the notice of charges which is not denied in the answer shall be deemed admitted for purposes of the proceeding. A respondent is not required to respond to the portion of a notice of charges that constitutes the prayer for relief or proposed order. The answer must set forth affirmative defenses, if any, asserted by the respondent.

(c) *If the allegations of the complaint are admitted.* If the respondent elects not to contest the allegations of fact set forth in the notice of charges, the answer shall consist of a statement that the respondent admits all of the material allegations to be true. Such

an answer shall constitute a waiver of hearings as to the facts alleged in the notice of charges, and together with the notice of charges will provide a record basis on which the hearing officer shall issue a recommended decision containing appropriate findings and conclusions and a proposed order disposing of the proceeding. In such an answer, the respondent may, however, reserve the right to submit proposed findings of fact and conclusions of law under § 1081.305.

(d) *Default.* (1) Failure of a respondent to file an answer within the time provided shall be deemed to constitute a waiver of the respondent's right to appear and contest the allegations of the notice of charges and to authorize the hearing officer, without further notice to the respondent, to find the facts to be as alleged in the notice of charges and to enter a recommended decision containing appropriate findings and conclusions. In such cases, respondent shall have no right to appeal pursuant to § 1081.402, but must instead proceed pursuant to paragraph (d)(2) of this section.

(2) A motion to set aside a default shall be made within a reasonable time, state the reasons for the failure to appear or defend, and specify the nature of the proposed defense in the proceeding. In order to prevent injustice and on such conditions as may be appropriate, the hearing officer, at any time prior to the filing of the recommended decision, or the Director, at any time, may for good cause shown set aside a default.

(e) *Disclosure statement and notification of financial interest*—(1) *Who must file; contents.* A respondent, nongovernmental intervenor, or nongovernmental amicus must file a disclosure statement and notification of financial interest that:

(i) Identifies any parent corporation, any publicly owned corporation owning ten percent or more of its stock, and any publicly owned corporation not a party to the proceeding that has a financial interest in the outcome of the proceeding and the nature of that interest; or

(ii) States that there are no such corporations.

(2) *Time for filing; supplemental filing.* A respondent, nongovernmental intervenor, or nongovernmental amicus must:

(i) File the disclosure statement with its first appearance, pleading, motion, response, or other request addressed to the hearing officer or the Bureau; and

(ii) Promptly file a supplemental statement if any required information changes.

**§ 1081.202 Amended pleadings.**

(a) *Amendments before the hearing.* The notice of charges, answer, or any other pleading may be amended or supplemented only with the opposing party's written consent or leave of the hearing officer. The respondent must answer an amended notice of charges within the time remaining for the respondent's answer to the original notice of charges, or within ten days after service of the amended notice of charges, whichever is later, unless the hearing officer orders otherwise for good cause.

(b) *Amendments to conform to the evidence.* When issues not raised in the notice of charges or answer are tried at the hearing by express or implied consent of the parties, they will be treated in all respects as if they had been raised in the notice of charges or answer, and no formal amendments are required. If evidence is objected to at the hearing on the ground that it is not within the issues raised by the notice of charges or answer, the hearing officer may admit the evidence when admission is likely to assist in adjudicating the merits of the action and the objecting party fails to satisfy the hearing officer that the admission of such evidence would unfairly prejudice that party's action or defense upon the merits. The hearing officer may grant a continuance to enable the objecting party to meet such evidence.

**§ 1081.203 Scheduling conference.**

(a) *Meeting of the parties before scheduling conference.* As early as practicable before the scheduling conference described in paragraph (b) of this section, counsel for the parties shall meet to discuss the nature and basis of their claims and defenses and the possibilities for a prompt settlement or resolution of the case. The parties shall also

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discuss and agree, if possible, on the matters set forth in paragraph (b) of this section.

(b) *Scheduling conference.* Within 20 days of service of the notice of charges or such other time as the parties and hearing officer may agree, counsel for all parties shall appear before the hearing officer in person at a specified time and place or by telephone for the purpose of scheduling the course and conduct of the proceeding. This meeting or telephone conference is called a *scheduling conference*. At the scheduling conference, counsel for the parties shall be prepared to address:

(1) Determination of the dates and location of the hearing, including, in proceedings under section 1053(b) of the Dodd-Frank Act, whether the hearing should commence later than 60 days after service of the notice of charges;

(2) Simplification and clarification of the issues;

(3) Amendments to pleadings;

(4) Settlement of any or all issues;

(5) Production of documents as set forth in §1081.206 and of witness statements as set forth in §1081.207, and pre-hearing production of documents in response to subpoenas *duces tecum* as set forth in §1081.208;

(6) Whether or not the parties intend to move for summary disposition of any or all issues;

(7) Whether the parties intend to seek the deposition of witnesses pursuant to §1081.209;

(8) A schedule for the exchange of expert reports and the taking of expert depositions, if any; and

(9) Such other matters as may aid in the orderly disposition of the proceeding.

(c) *Transcript.* The hearing officer, in his or her discretion, may require that a scheduling conference be recorded by a court reporter. A transcript of the conference and any materials filed, including orders, becomes part of the record of the proceeding. A party may obtain a copy of the transcript at his or her expense.

(d) *Scheduling order.* At or within five days following the conclusion of the scheduling conference, the hearing officer shall serve on each party an order setting forth the date and location of the hearing and any agreements

reached and any procedural determinations made.

(e) *Failure to appear; default.* Any person who is named in a notice of charges as a person against whom findings may be made or sanctions imposed and who fails to appear, in person or through counsel, at a scheduling conference of which he or she has been duly notified may be deemed in default pursuant to §1081.201(d)(1). A party may make a motion to set aside a default pursuant to §1081.201(d)(2).

(f) *Public access.* The scheduling conference shall be public unless the hearing officer determines, based on the standard set forth in §1081.119(c), that the conference (or any part thereof) shall be closed to the public.

### § 1081.204 Consolidation and severance of actions.

(a) *Consolidation.* (1) On the motion of any party, or on the hearing officer's own motion, the hearing officer may consolidate, for some or all purposes, any two or more proceedings, if each such proceeding involves or arises out of the same transaction, occurrence or series of transactions or occurrences, or involves at least one common respondent or a material common question of law or fact, unless such consolidation would cause unreasonable delay or injustice.

(2) In the event of consolidation under paragraph (a)(1) of this section, appropriate adjustment to the pre-hearing schedule may be made to avoid unnecessary expense, inconvenience, or delay.

(b) *Severance.* The hearing officer may, upon the motion of any party, sever the proceeding for separate resolution of the matter as to any respondent only if the hearing officer finds that:

(1) Undue prejudice or injustice to the moving party would result from not severing the proceeding; and

(2) Such undue prejudice or injustice would outweigh the interests of judicial economy and expedition in the complete and final resolution of the proceeding.

### § 1081.205 Non-dispositive motions.

(a) *Scope.* This section applies to all motions except motions to dismiss and



motions for summary disposition. A non-dispositive motion filed pursuant to another section of this part shall comply with any specific requirements of that section and this section to the extent these requirements are not inconsistent.

(b) *In writing.* (1) Unless made during a hearing or conference, an application or request for an order or ruling must be made by written motion.

(2) All written motions must state with particularity the relief sought and must be accompanied by a proposed order.

(3) No oral argument may be held on written motions except as otherwise directed by the hearing officer. Written memoranda, briefs, affidavits or other relevant material or documents may be filed in support of or in opposition to a motion.

(c) *Oral motions.* The Director or the hearing officer, as appropriate, may order that an oral motion be submitted in writing.

(d) *Responses and replies.* (1) Except as otherwise provided herein, within ten days after service of any written motion, or within such other period of time as may be established by the hearing officer or the Director, as appropriate, any party may file a written response to a motion. The hearing officer shall not rule on any oral or written motion before each party has had an opportunity to file a response.

(2) Reply briefs, if any, may be filed within three days after service of the response.

(3) The failure of a party to oppose a written motion or an oral motion made on the record is deemed consent by that party to the entry of an order substantially in the form of the order accompanying the motion.

(e) *Length limitations.* No motion subject to this section (together with the brief in support of the motion) or brief in response to the motion shall exceed 15 pages in length, exclusive of pages containing the table of contents, table of authorities, and any addendum that consists solely of copies of applicable cases, pertinent legislative provisions or rules, and exhibits. No reply brief shall exceed six pages in length, exclusive of pages containing the table of contents, table of authorities, and any

addendum that consists solely of copies of applicable cases, pertinent legislative provisions or rules, and exhibits. Motions for leave to file motions and briefs in excess of these limitations are disfavored.

(f) *Meet and confer requirements.* Each motion filed under this section shall be accompanied by a signed statement representing that counsel for the moving party has conferred or made a good faith effort to confer with opposing counsel in a good faith effort to resolve by agreement the issues raised by the motion and has been unable to reach such an agreement. If some of the matters in controversy have been resolved by agreement, the statement shall specify the matters so resolved and the matters remaining unresolved.

(g) *Ruling on non-dispositive motions.* Unless otherwise provided by a relevant section of this part, a hearing officer shall rule on non-dispositive motions. Such ruling shall be issued within 14 days after the expiration of the time period allowed for the filing of all motion papers authorized by this section. The Director, for good cause, may extend the time allowed for a ruling.

(h) *Proceedings not stayed.* A motion under consideration by the Director or the hearing officer shall not stay proceedings before the hearing officer unless the Director or the hearing officer, as appropriate, so orders.

(i) *Dilatory motions.* Frivolous, dilatory, or repetitive motions are prohibited. The filing of such motions may form the basis for sanctions.

**§ 1081.206 Availability of documents for inspection and copying.**

For purposes of this section, the term *documents* shall include any book, document, record, report, memorandum, paper, communication, tabulation, chart, logs, electronic files, or other data or data compilations stored in any medium.

(a) *Documents to be available for inspection and copying.* (1) Unless otherwise provided by this section, or by order of the hearing officer, the Office of Enforcement shall make available for inspection and copying by any respondent documents obtained by the Office of Enforcement prior to the institution of proceedings, from persons

not employed by the Bureau, in connection with the investigation leading to the institution of proceedings. Such documents shall include:

(i) Any documents turned over in response to civil investigative demands or other written requests to provide documents or to be interviewed issued by the Office of Enforcement;

(ii) All transcripts and transcript exhibits; and

(iii) Any other documents obtained from persons not employed by the Bureau.

(2) In addition, the Office of Enforcement shall make available for inspection and copying by any respondent:

(i) Each civil investigative demand or other written request to provide documents or to be interviewed issued by the Office of Enforcement in connection with the investigation leading to the institution of proceedings; and

(ii) Any final examination or inspection reports prepared by any other Office of the Bureau if the Office of Enforcement either intends to introduce any such report into evidence or to use any such report to refresh the recollection of, or impeach, any witness.

(3) Nothing in paragraph (a) of this section shall limit the right of the Office of Enforcement to make available any other document, or shall limit the right of a respondent to seek access to or production pursuant to subpoena of any other document, or shall limit the authority of the hearing officer to order the production of any document pursuant to subpoena.

(4) Nothing in paragraph (a) of this section shall require the Office of Enforcement to produce a final examination or inspection report prepared by any other Office of the Bureau or any other government agency to a respondent who is not the subject of that report.

(b) *Documents that may be withheld.* (1) The Office of Enforcement may withhold a document if:

(i) The document is privileged;

(ii) The document is an internal memorandum, note or writing prepared by a person employed by the Bureau or another government agency, other than an examination or supervision report as specified in paragraph (a)(2)(ii) of this section, or would otherwise be

subject to the work product doctrine and will not be offered in evidence;

(iii) The document was obtained from a domestic or foreign governmental entity and is either not relevant to the resolution of the proceeding or was provided on condition that the information not be disclosed;

(iv) The document would disclose the identity of a confidential source;

(v) Applicable law prohibits the disclosure of the document; or

(vi) The hearing officer grants leave to withhold a document or category of documents as not relevant to the subject matter of the proceeding or otherwise, for good cause shown.

(2) Nothing in paragraph (b)(1) of this section authorizes the Office of Enforcement in connection with an adjudication proceeding to withhold material exculpatory evidence in the possession of the Office that would otherwise be required to be produced pursuant to paragraph (a) of this section.

(c) *Withheld document list.* The hearing officer may require the Office of Enforcement to produce a list of documents or categories of documents withheld pursuant to paragraphs (b)(1)(i) through (v) of this section or to submit to the hearing officer any document withheld, except for any documents that are being withheld pursuant to section (b)(1)(iii), in which case the Office of Enforcement shall inform the other parties of the fact that such documents are being withheld, but no further disclosures regarding those documents shall be required. The hearing officer may determine whether any withheld document should be made available for inspection and copying. When similar documents are withheld pursuant to paragraphs (b)(1)(i) through (v) of this section, those documents may be identified by category instead of by individual document. The hearing officer retains discretion to determine when an identification by category is insufficient.

(d) *Timing of inspection and copying.* Unless otherwise ordered by the hearing officer, the Office of Enforcement shall commence making documents available to a respondent for inspection and copying pursuant to this section no later than seven days after service of the notice of charges.

(e) *Place of inspection and copying.* Documents subject to inspection and copying pursuant to this section shall be made available to the respondent for inspection and copying at the Bureau office where they are ordinarily maintained, or at such other place as the parties, in writing, may agree. A respondent shall not be given custody of the documents or leave to remove the documents from the Bureau's offices pursuant to the requirements of this section other than by written agreement of the Office of Enforcement. Such agreement shall specify the documents subject to the agreement, the date they shall be returned and such other terms or conditions as are appropriate to provide for the safekeeping of the documents.

(f) *Copying costs and procedures.* The respondent may obtain a photocopy of any documents made available for inspection or, at the discretion of the Office of Enforcement, electronic copies of such documents. The respondent shall be responsible for the cost of photocopying. Unless otherwise ordered, charges for copies made by the Office of Enforcement at the request of the respondent will be at the rate charged pursuant to part 1070. The respondent shall be given access to the documents at the Bureau's offices or such other place as the parties may agree during normal business hours for copying of documents at the respondent's expense.

(g) *Duty to supplement.* If the Office of Enforcement acquires information that it intends to rely upon at a hearing after making its disclosures under paragraph (a)(1) of this section, the Office of Enforcement shall supplement its disclosures to include such information.

(h) *Failure to make documents available—harmless error.* In the event that a document required to be made available to a respondent pursuant to this section is not made available by the Office of Enforcement, no rehearing or redetermination of a proceeding already heard or decided shall be required unless the respondent establishes that the failure to make the document available was not harmless error.

(i) *Disclosure of privileged or protected information or communications; scope of*

*waiver; obligations of receiving party.* (1) The disclosure of privileged or protected information or communications by any party during an adjudication proceeding shall not operate as a waiver if:

- (i) The disclosure was inadvertent;
- (ii) The holder of the privilege or protection took reasonable steps to prevent disclosure; and
- (iii) The holder promptly took reasonable steps to rectify the error, including notifying any party that received the information or communication of the claim and the basis for it.

(2) After being notified, the receiving party must promptly return, sequester, or destroy the specified information and any copies it has; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the hearing officer under seal for a determination of the claim. The producing party must preserve the information until the claim is resolved.

(3) The disclosure of privileged or protected information or communications by any party during an adjudication proceeding shall waive the privilege or protection, with respect to other parties to the proceeding, as to undisclosed information or communications only if:

- (i) The waiver is intentional;
- (ii) The disclosed and undisclosed information or communications concern the same subject matter; and
- (iii) They ought in fairness to be considered together.

**§ 1081.207 Production of witness statements.**

(a) *Availability.* Any respondent may move that the Office of Enforcement produce for inspection and copying any statement of any person called or to be called as a witness by the Office of Enforcement that pertains, or is expected to pertain, to his or her direct testimony and that would be required to be produced pursuant to the Jencks Act, 18 U.S.C. 3500, if the adjudication proceeding were a criminal proceeding. For purposes of this section, the term "statement" shall have the meaning

set forth in 18 U.S.C. 3500(e). Such production shall be made at a time and place fixed by the hearing officer and shall be made available to any party, provided, however, that the production shall be made under conditions intended to preserve the items to be inspected or copied.

(b) *Failure to produce—harmless error.* In the event that a statement required to be made available to a respondent pursuant to this section is not made available by the Office of Enforcement, no rehearing or redetermination of a proceeding already heard or decided shall be required unless the respondent establishes that the failure to make the statement available was not harmless error.

#### § 1081.208 Subpoenas.

(a) *Availability.* In connection with any hearing ordered by the hearing officer, a party may request the issuance of one or more subpoenas requiring the attendance and testimony of witnesses at the designated time and place of the hearing, or the production of documentary or other tangible evidence returnable at any designated time or place.

(b) *Procedure.* Unless made on the record at a hearing, requests for issuance of a subpoena shall be made in writing, and filed and served on each party pursuant to subpart A of this part. The request must contain a proposed subpoena and a brief statement showing the general relevance and reasonableness of the scope of testimony or documents sought.

(c) *Signing may be delegated.* A hearing officer may authorize issuance of a subpoena, and may delegate the manual signing of the subpoena to any other person.

(d) *Standards for issuance.* The hearing officer shall promptly issue any subpoena requested pursuant to this section. However, where it appears to the hearing officer that the subpoena sought may be unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may, in his or her discretion, as a condition precedent to the issuance of the subpoena, require the person seeking the subpoena to show further the general relevance and reasonable scope of the testimony or other evidence sought. If after consid-

eration of all the circumstances, the hearing officer determines that the subpoena or any of its terms is unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may refuse to issue the subpoena, or issue it only upon such conditions as fairness requires. In making the foregoing determination, the hearing officer may inquire of the other participants whether they will stipulate to the facts sought to be proved.

(e) *Service.* Upon issuance by the hearing officer, the party making the request shall serve the subpoena on the person named in the subpoena and on each party in accordance with § 1081.113(c). Subpoenas may be served in any State, territory, possession of the United States, or the District of Columbia, on any person or company doing business in any State, territory, possession of the United States, or the District of Columbia, or as otherwise permitted by law.

(f) *Tender of fees required.* When a subpoena compelling the attendance of a person at a hearing is issued at the request of anyone other than an officer or agency of the United States, service is valid only if the subpoena is accompanied by a tender to the subpoenaed person of the fees for one day's attendance and mileage specified by § 1081.116.

(g) *Production of documentary material.* Production of documentary material in response to a subpoena shall be made under a sworn certificate, in such form as the subpoena designates, by the person to whom the subpoena is directed or, if not a natural person, by any person having knowledge of the facts and circumstances relating to such production, to the effect that all of the documentary material required by the subpoena and in the possession, custody, or control of the person to whom the subpoena is directed has been produced and made available to the custodian.

(h) *Motion to quash or modify—(1) Procedure.* Any person to whom a subpoena is directed, or who is an owner, creator, or the subject of the documents that are to be produced pursuant to a subpoena, or any party may, prior to the time specified therein for compliance, but in no event more than ten days after the date of service of such subpoena, move that the subpoena be

quashed or modified. Such motion shall be filed and served on all parties pursuant to subpart A of this part. Notwithstanding §1081.205, the party on whose behalf the subpoena was issued or enforcement counsel may, within five days of service of the motion, file a response to the motion. Reply briefs are not permitted unless requested by the hearing officer. Filing a motion to modify a subpoena does not stay the movant's obligation to comply with those portions of the subpoena that the person has not sought to modify.

(2) *Standards governing motion to quash or modify.* If compliance with the subpoena would be unreasonable, oppressive, or unduly burdensome, the hearing officer shall quash or modify the subpoena, or may order return of the subpoena only upon specified conditions. These conditions may include but are not limited to a requirement that the party on whose behalf the subpoena was issued shall make reasonable compensation to the person to whom the subpoena was addressed for the cost of copying or transporting evidence to the place for return of the subpoena.

(i) *Enforcing subpoenas.* If a subpoenaed person fails to comply with any subpoena issued pursuant to this section or any order of the hearing officer which directs compliance with all or any portion of a subpoena, the Bureau's General Counsel may, on its own motion or at the request of the party on whose behalf the subpoena was issued, apply to an appropriate United States district court, in the name of the Bureau but on relation of such party, for an order requiring compliance with so much of the subpoena as the hearing officer has not quashed or modified, unless, in the judgment of the General Counsel, the enforcement of such subpoena would be inconsistent with law and the policies of title X of the Dodd-Frank Act. Failure to request that the Bureau's General Counsel seek enforcement of a subpoena constitutes a waiver of any claim of prejudice predicated upon the unavailability of the testimony or evidence sought.

**§ 1081.209 Deposition of witness unavailable for hearing.**

(a) *General rules.* (1) If a witness will not be available for the hearing, a party desiring to preserve that witness's testimony for the record may request in accordance with the procedures set forth in this section that the hearing officer issue a subpoena, including a subpoena *duces tecum*, requiring the attendance of the witness at a deposition. The hearing officer may issue a deposition subpoena under this section upon a showing that:

(i) The witness will be unable to attend or may be prevented from attending the hearing because of age, sickness, or infirmity, or will otherwise be unavailable;

(ii) The witness's unavailability was not procured or caused by the subpoenaing party;

(iii) The testimony is reasonably expected to be material; and

(iv) Taking the deposition will not result in any undue burden to any other party and will not cause undue delay of the proceeding.

(2) In addition to making a showing as required by paragraph (a)(1) of this section, the request for a deposition subpoena must contain a proposed deposition subpoena and a brief statement showing the general relevance and reasonableness of the scope of testimony and documents sought, and the time and place for taking the deposition. Any request to record the deposition by audio-visual means must be made in the request for a deposition subpoena.

(3) Any requested deposition subpoena that sets forth a valid basis for its issuance must be promptly issued, unless the hearing officer on his or her own motion requires a written response or requires attendance at a conference concerning whether the requested subpoena should be issued. However, where it appears to the hearing officer that the deposition subpoena sought may be unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may, in his or her discretion, as a condition precedent to the issuance of the deposition subpoena, require the person seeking the deposition subpoena to show further the general relevance and reasonable scope of the testimony or

other evidence sought. If after consideration of all the circumstances, the hearing officer determines that the deposition subpoena or any of its terms is unreasonable, oppressive, excessive in scope, or unduly burdensome, he or she may refuse to issue the deposition subpoena, or issue it only upon such conditions as fairness requires. In making the foregoing determination, the hearing officer may inquire of the other participants whether they will stipulate to the facts sought to be proved.

(4) Unless the hearing officer orders otherwise, no deposition under this section shall be taken on fewer than 14 days' notice to the witness and all parties.

(b) *Procedure.* Unless made on the record at a hearing, requests for issuance of a deposition subpoena shall be made in writing, and filed and served on each party pursuant to subpart A of this part.

(c) *Signing may be delegated.* A hearing officer may authorize issuance of a deposition subpoena, and may delegate the manual signing of the deposition subpoena to any other person.

(d) *Service.* Upon issuance by the hearing officer, the party making the request shall serve the subpoena on the person named in the subpoena and on each party in accordance with §1081.113(c). Deposition subpoenas may be served in any State, territory, possession of the United States, or the District of Columbia, on any person or company doing business in any State, territory, possession of the United States, or the District of Columbia, or as otherwise permitted by law.

(e) *Tender of fees required.* When a subpoena compelling the attendance of a person at a deposition is issued at the request of anyone other than an officer or agency of the United States, service is valid only if the subpoena is accompanied by a tender to the subpoenaed person of the fees for one day's attendance and mileage specified by §1081.116.

(f) *Motion to quash or modify—(1) Procedure.* Any person to whom a deposition subpoena is directed, or who is an owner, creator, or the subject of the documents that are to be produced pursuant to a deposition subpoena, or any party may, prior to the time specified

therein for compliance, but in no event more than ten days after the date of service of such subpoena, move that the deposition subpoena be quashed or modified. Such motion must include a statement of the basis for the motion to quash or modify the deposition subpoena, and shall be filed and served on all parties pursuant to subpart A of this part. Notwithstanding §1081.205, the party on whose behalf the deposition subpoena was issued or enforcement counsel may, within five days of service of the motion, file a response to the motion. Reply briefs are not permitted unless requested by the hearing officer.

(2) *Standards governing motion to quash or modify.* If compliance with the deposition subpoena would be unreasonable, oppressive or unduly burdensome, or the deposition subpoena does not meet the requirements set forth in paragraph (a)(1) of this section, the hearing officer shall quash or modify the deposition subpoena, or may order return of the deposition subpoena only upon specified conditions. These conditions may include but are not limited to a requirement that the party on whose behalf the deposition subpoena was issued shall make reasonable compensation to the person to whom the deposition subpoena was addressed for the cost of copying or transporting evidence to the place for return of the deposition subpoena.

(g) *Procedure upon deposition.* (1) Depositions shall be taken before any person before whom a deposition may be taken pursuant to the Federal Rules of Civil Procedure (the "deposition officer").

(2) The witness being deposed may have an attorney present during the deposition.

(3) Each witness testifying pursuant to a deposition subpoena must be duly sworn, and each party shall have the right to examine the witness. Objections to questions or documents must be in short form, stating the grounds for the objection. Objections to questions of evidence shall be noted by the deposition officer upon the deposition, but a deposition officer other than the hearing officer shall not have the power to decide on the competency, materiality, or relevance of evidence.

Failure to object to questions or documents is not deemed a waiver except where the ground for the objection might have been avoided if the objection had been timely presented. All questions, answers, and objections must be recorded.

(4) The deposition must be subscribed by the witness, unless the parties and the witness, by stipulation, have waived the signing, or the witness is ill, cannot be found, or has refused to sign. If the deposition is not subscribed by the witness, the court reporter taking the deposition shall certify that the transcript is a true and complete transcript of the deposition.

(5) The original deposition transcript and exhibits shall be filed with the Office of Administrative Adjudication. The cost of the transcript shall be paid by the party requesting the deposition. A copy of the deposition shall be available to the deponent and each party for purchase at prescribed rates.

(h) *Enforcing subpoenas.* Any party may move before the hearing officer for an order compelling the witness to answer any questions the witness has refused to answer or submit any evidence the witness has refused to submit during the deposition. If a subpoenaed person fails to comply with any order of the hearing officer which directs compliance with all or any portion of a deposition subpoena under this section, the Bureau's General Counsel may, on its own motion or at the request of the party on whose behalf the subpoena was issued, apply to an appropriate United States district court, in the name of the Bureau but on relation of such party, for an order requiring compliance with so much of the subpoena as the hearing officer has not quashed or modified, unless, in the judgment of the General Counsel, the enforcement of such subpoena would be inconsistent with law and the policies of title X of the Dodd-Frank Act. Failure to request that the Bureau seek enforcement of a subpoena constitutes a waiver of any claim of prejudice predicated upon the unavailability of the testimony or evidence sought.

**§ 1081.210 Expert discovery.**

(a) At a date set by the hearing officer at the scheduling conference, each

party shall serve the other with a report prepared by each of its expert witnesses. Each party shall serve the other parties with a list of any rebuttal expert witnesses and a rebuttal report prepared by each such witness not later than 28 days after the deadline for service of expert reports, unless another date is set by the hearing officer. A rebuttal report shall be limited to rebuttal of matters set forth in the expert report for which it is offered in rebuttal. If material outside the scope of fair rebuttal is presented, a party may file a motion not later than five days after the deadline for service of rebuttal reports, seeking appropriate relief with the hearing officer, including striking all or part of the report, leave to submit a surrebuttal report by the party's own experts, or leave to call a surrebuttal witness and to submit a surrebuttal report by that witness.

(b) No party may call an expert witness at the hearing unless he or she has been listed and has provided reports as required by this section, unless otherwise directed by the hearing officer at a scheduling conference. Each side will be limited to calling at the hearing five expert witnesses, including any rebuttal or surrebuttal expert witnesses. A party may file a motion seeking leave to call additional expert witnesses due to extraordinary circumstances.

(c) Each report shall be signed by the expert and contain a complete statement of all opinions to be expressed and the basis and reasons therefore; the data, materials, or other information considered by the witness in forming the opinions; any exhibits to be used as a summary of or support for the opinions; the qualifications of the witness, including a list of all publications authored or co-authored by the witness within the preceding ten years; the compensation to be paid for the study and testimony; and a listing of any other cases in which the witness has testified or sought to testify as an expert at trial or hearing, or by deposition within the preceding four years. A rebuttal or surrebuttal report need not include any information already included in the initial report of the witness.

(d) A party may depose any person who has been identified as an expert

whose opinions may be presented at trial. Unless otherwise ordered by the hearing officer, a deposition of any expert witness shall be conducted after the disclosure of a report prepared by the witness in accordance with paragraph (a) of this section, and at least seven days prior to the deadline for submission of rebuttal expert reports. A deposition of an expert witness shall be completed no later than 14 days before the hearing unless otherwise ordered by the hearing officer. No expert deposition shall exceed eight hours on the record, absent agreement of the parties or an order of the hearing officer for good cause shown. Expert depositions shall be conducted pursuant to the procedures set forth in §1081.209(g).

(e) A party may not discover facts known or opinions held by an expert who has been retained or specifically employed by another party in anticipation of litigation or preparation for the hearing and who is not listed as a witness for the hearing. A party may not discover drafts of any report required by this section, regardless of the form in which the draft is recorded, or any communications between another party's attorney and any of that other party's experts, regardless of the form of the communications, except to the extent that the communications:

- (1) Relate to compensation for the testifying expert's study or testimony;
- (2) Identify facts or data that the other party's attorney provided and that the testifying expert considered in forming the opinions to be expressed; or
- (3) Identify assumptions that the other party's attorney provided and that the testifying expert relied on in forming the opinions to be expressed.

(f) The hearing officer shall have the discretion to dispense with the requirement of expert discovery in appropriate cases.

#### § 1081.211 Interlocutory review.

(a) *Availability.* The Director may, at any time, direct that any matter be submitted to him or her for review. Subject to paragraph (c) of this section, the hearing officer may, on his or her own motion or on the motion of any party, certify any matter for interlocutory review by the Director. This

section is the exclusive remedy for review of a hearing officer's ruling or order prior to the Director's consideration of the entire proceeding.

(b) *Procedure.* Any party's motion for certification of a ruling or order for interlocutory review shall be filed with the hearing officer within five days of service of the ruling or order, shall specify the ruling or order or parts thereof for which interlocutory review is sought, shall attach any other portions of the record on which the moving party relies, and shall otherwise comply with §1081.205. Notwithstanding §1081.205, any response to such a motion must be filed within three days of service of the motion. The hearing officer shall issue a ruling on the motion within five days of the deadline for filing a response.

(c) *Certification process.* Unless the Director directs otherwise, a ruling or order may not be submitted to the Director for interlocutory review unless the hearing officer, upon the hearing officer's motion or upon the motion of a party, certifies the ruling or order in writing. The hearing officer shall not certify a ruling or order unless:

(1) The ruling or order would compel testimony of Bureau officers or employees, or those from another governmental agency, or the production of documentary evidence in the custody of the Bureau or another governmental agency;

(2) The ruling or order involves a motion for disqualification of the hearing officer pursuant to §1081.105(c)(2);

(3) The ruling or order suspended or barred an individual from appearing before the Bureau pursuant to §1081.107(c); or

(4) Upon motion by a party, the hearing officer is of the opinion that:

(i) The ruling or order involves a controlling question of law as to which there is substantial ground for difference of opinion; and

(ii) An immediate review of the ruling or order is likely to materially advance the completion of the proceeding or subsequent review will be an inadequate remedy.

(d) *Interlocutory review.* A party whose motion for certification has been



denied by the hearing officer may petition the Director for interlocutory review.

(e) *Director review.* The Director shall determine whether or not to review a ruling or order certified under this section or the subject of a petition for interlocutory review. Interlocutory review is disfavored, and the Director will grant a petition to review a hearing officer's ruling or order prior to his or her consideration of a recommended decision only in extraordinary circumstances. The Director may decline to review a ruling or order certified by a hearing officer pursuant to paragraph (c) of this section or the petition of a party who has been denied certification if he or she determines that interlocutory review is not warranted or appropriate under the circumstances, in which case he or she may summarily deny the petition. If the Director determines to grant the review, he or she will review the matter and issue his or her ruling and order in an expeditious fashion, consistent with the Bureau's other responsibilities.

(f) *Proceedings not stayed.* The filing of a motion requesting that the hearing officer certify any of his or her prior rulings or orders for interlocutory review or a petition for interlocutory review filed with the Director, and the grant of any such review, shall not stay proceedings before the hearing officer unless he or she, or the Director, shall so order. The Director will not consider a motion for a stay unless the motion shall have first been made to the hearing officer.

**§ 1081.212 Dispositive motions.**

(a) *Dispositive motions.* This section governs the filing of motions to dismiss and motions for summary disposition. The filing of any such motion does not obviate a party's obligation to file an answer or take any other action required by this part or by an order of the hearing officer, unless expressly so provided by the hearing officer.

(b) *Motions to dismiss.* A respondent may file a motion to dismiss asserting that, even assuming the truth of the facts alleged in the notice of charges, it is entitled to dismissal as a matter of law.

(c) *Motion for summary disposition.* A party may make a motion for summary disposition asserting that the undisputed pleaded facts, admissions, affidavits, stipulations, documentary evidence, matters as to which official notice may be taken, and any other evidentiary materials properly submitted in connection with a motion for summary disposition show that:

(1) There is no genuine issue as to any material fact; and

(2) The moving party is entitled to a decision in its favor as a matter of law.

(d) *Filing of motions for summary disposition and responses.* (1) After a respondent's answer has been filed and documents have been made available to the respondent for inspection and copying pursuant to § 1081.206, any party may move for summary disposition in its favor of all or any part of the proceeding.

(2) A motion for summary disposition must be accompanied by a statement of the material facts as to which the moving party contends there is no genuine issue. Such motion must be supported by documentary evidence, which may take the form of admissions in pleadings, stipulations, depositions, investigatory depositions, transcripts, affidavits and any other evidentiary materials that the moving party contends support his or her position. The motion must also be accompanied by a brief containing the points and authorities in support of the contention of the moving party. Any party opposing a motion for summary disposition must file a statement setting forth those material facts as to which he or she contends a genuine dispute exists. Such opposition must be supported by evidence of the same type as may be submitted in support of a motion for summary disposition and a brief containing the points and authorities in support of the contention that summary disposition would be inappropriate.

(3) Any affidavit or declaration submitted in support of or in opposition to a motion for summary disposition shall set forth such facts as would be admissible in evidence, shall show affirmatively that the affiant is competent to testify to the matters stated therein, and must be signed under oath and penalty of perjury.

(e) *Page limitations for dispositive motions.* A motion to dismiss or for summary disposition, together with any brief in support of the motion (exclusive of any declarations, affidavits, or attachments) shall not exceed 35 pages in length. Motions for extensions of this length limitation are disfavored.

(f) *Opposition and reply response time and page limitation.* Any party, within 20 days after service of a dispositive motion, or within such time period as allowed by the hearing officer, may file a response to such motion. The length limitations set forth in paragraph (e) of this section shall also apply to such responses. Any reply brief filed in response to an opposition to a dispositive motion shall be filed within five days after service of the opposition. Reply briefs shall not exceed ten pages.

(g) *Oral argument.* At the request of any party or on his or her own motion, the hearing officer may hear oral argument on a dispositive motion.

(h) *Decision on motion.* Within 30 days following the expiration of the time for filing all responses and replies to any dispositive motion, the hearing officer shall determine whether the motion shall be granted. If the hearing officer determines that dismissal or summary disposition is warranted, he or she shall issue a recommended decision granting the motion. If the hearing officer finds that no party is entitled to dismissal or summary disposition, he or she shall make a ruling denying the motion. If it appears that a party, for good cause shown, cannot present by affidavit, prior to hearing, facts essential to justify opposition to the motion, the hearing officer shall deny or defer the motion.

#### **§ 1081.213 Partial summary disposition.**

If on a motion for summary disposition under § 1081.212 a decision is not rendered upon the whole case or for all the relief asked and a hearing is necessary, the hearing officer shall issue an order specifying the facts that appear without substantial controversy and directing further proceedings in the action. The facts so specified shall be deemed established.

#### **§ 1081.214 Prehearing conferences.**

(a) *Prehearing conferences.* The hearing officer may, in addition to the scheduling conference, on his or her own motion or at the request of any party, direct counsel for the parties to meet with him or her (in person or by telephone) at a prehearing conference for further discussion of the issues outlined in § 1081.203, or for discussion of any additional matters that in the view of the hearing officer will aid in an orderly disposition of the proceeding, including but not limited to:

(1) Identification of potential witnesses and limitation on the number of witnesses;

(2) The exchange of any prehearing materials including witness lists, statements of issues, exhibits, and any other materials;

(3) Stipulations, admissions of fact, and the contents, authenticity, and admissibility into evidence of documents;

(4) Matters of which official notice may be taken; and

(5) Whether the parties intend to introduce prior sworn statements of witnesses as set forth in § 1081.303(h).

(b) *Transcript.* The hearing officer, in his or her discretion, may require that a prehearing conference be recorded by a court reporter. A transcript of the conference and any materials filed, including orders, becomes part of the record of the proceeding. A party may obtain a copy of the transcript at his or her expense.

(c) *Public access.* Any prehearing conferences shall be public unless the hearing officer determines, based on the standard set forth in § 1081.119(c), that the conference (or any part thereof) shall be closed to the public.

#### **§ 1081.215 Prehearing submissions.**

(a) Within the time set by the hearing officer, but in no case later than ten days before the start of the hearing, each party shall serve on every other party:

(1) A prehearing statement, which shall include an outline or narrative summary of its case or defense, and the legal theories upon which it will rely;

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(2) A final list of witnesses to be called to testify at the hearing, including the name and address of each witness and a short summary of the expected testimony of each witness;

(3) Any prior sworn statements that a party intends to admit into evidence pursuant to §1081.303(h);

(4) A list of the exhibits to be introduced at the hearing along with a copy of each exhibit; and

(5) Any stipulations of fact or liability.

(b) *Expert witnesses.* Each party who intends to call an expert witness shall also serve, in addition to the information required by paragraph (a)(2) of this section, a statement of the expert's qualifications, a listing of other proceedings in which the expert has given or sought to give expert testimony at trial or hearing or by deposition within the preceding four years, and a list of publications authored or co-authored by the expert within the preceding ten years, to the extent such information has not already been provided pursuant to §1081.210.

(c) *Effect of failure to comply.* No witness may testify and no exhibits may be introduced at the hearing if such witness or exhibit is not listed in the prehearing submissions pursuant to paragraph (a) of this section, except for good cause shown.

## § 1081.216 Amicus participation.

(a) *Availability.* An amicus brief may be filed only if:

(1) A motion for leave to file the brief has been granted;

(2) The brief is accompanied by written consent of all parties;

(3) The brief is filed at the request of the Director or the hearing officer, as appropriate; or

(4) The brief is presented by the United States or an officer or agency thereof, or by a State or a political subdivision thereof.

(b) *Procedure.* An amicus brief may be filed conditionally with the motion for leave. The motion for leave shall identify the interest of the movant and shall state the reasons why a brief of an amicus curiae is desirable. Except as all parties otherwise consent, any amicus curiae shall file its brief within the time allowed the party whose posi-

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tion the amicus will support, unless the Director or hearing officer, as appropriate, for good cause shown, grants leave for a later filing. In the event that a later filing is allowed, the order granting leave to file shall specify when an opposing party may reply to the brief.

(c) *Motions.* A motion for leave to file an amicus brief shall be subject to §1081.205.

(d) *Formal requirements as to amicus briefs.* Amicus briefs shall be filed pursuant to §1081.111 and shall comply with the requirements of §1081.112 and shall be subject to the length limitation set forth in §1081.212(e).

(e) *Oral argument.* An amicus curiae may move to present oral argument at any hearing before the hearing officer, but such motions will be granted only for extraordinary reasons.

## Subpart C—Hearings

### § 1081.300 Public hearings.

All hearings in adjudication proceedings shall be public unless a confidentiality order is entered by the hearing officer pursuant to §1081.119 or unless otherwise ordered by the Director on the grounds that holding an open hearing would be contrary to the public interest.

### § 1081.301 Failure to appear.

Failure of a respondent to appear in person or by a duly authorized counsel at the hearing constitutes a waiver of respondent's right to a hearing and may be deemed an admission of the facts as alleged and consent to the relief sought in the notice of charges. Without further proceedings or notice to the respondent, the hearing officer shall file a recommended decision containing findings of fact and addressing the relief sought in the notice of charges.

### § 1081.302 Conduct of hearings.

All hearings shall be conducted in a fair, impartial, expeditious, and orderly manner. Enforcement counsel shall present its case-in-chief first, unless otherwise ordered by the hearing officer, or unless otherwise expressly specified by law or regulation. Enforcement counsel shall be the first party to

present an opening statement and a closing statement, and may make a rebuttal statement after the respondent's closing statement. If there are multiple respondents, respondents may agree among themselves as to their order of presentation of their cases, but if they do not agree, the hearing officer shall fix the order.

**§ 1081.303 Evidence.**

(a) *Burden of proof.* Enforcement counsel shall have the burden of proof of the ultimate issue(s) of the Bureau's claims at the hearing.

(b) *Admissibility.* (1) Except as is otherwise set forth in this section, relevant, material, and reliable evidence that is not unduly repetitive is admissible to the fullest extent authorized by the Administrative Procedure Act and other applicable law. Irrelevant, immaterial, and unreliable evidence shall be excluded.

(2) Evidence, even if relevant, may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice or confusion of the issues; if the evidence would be misleading; or based on considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

(3) Evidence that constitutes hearsay may be admitted if it is relevant, material, and bears satisfactory indicia of reliability so that its use is fair. Hearsay is a statement, other than one made by the declarant while testifying at the hearing, offered in evidence to prove the truth of the matter asserted. If otherwise meeting the standards for admissibility described in this section, transcripts of depositions, investigational hearings, prior testimony in Bureau or other proceedings, and any other form of hearsay shall be admissible and shall not be excluded solely on the ground that they are or contain hearsay.

(4) Evidence that would be admissible under the Federal Rules of Evidence is admissible in a proceeding conducted pursuant to this part. Evidence that would be inadmissible under the Federal Rules of Evidence may not be deemed or ruled to be inadmissible in a proceeding conducted pursuant to this part solely on that basis.

(c) *Official notice.* Official notice may be taken of any material fact that is not subject to reasonable dispute in that it is either generally known or capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned. If official notice is requested or is taken of a material fact not appearing in the evidence in the record, the parties, upon timely request, shall be afforded an opportunity to disprove such noticed fact.

(d) *Documents.* (1) A duplicate copy of a document is admissible to the same extent as the original, unless a genuine issue is raised as to whether the copy is in some material respect not a true and legible copy of the original.

(2) Subject to the requirements of paragraph (b) of this section, any document, including a report of examination, supervisory activity, inspection or visitation, prepared by the Bureau, a prudential regulator, as that term is defined in section 1002(24) of the Dodd-Frank Act, or by a State regulatory agency, is presumptively admissible either with or without a sponsoring witness.

(3) Witnesses may use existing or newly created charts, exhibits, calendars, calculations, outlines or other graphic material to summarize, illustrate, or simplify the presentation of testimony. Such materials may, subject to the hearing officer's discretion, be used with or without being admitted into evidence.

(4) As respondents are in the best position to determine the nature of documents generated by such respondents and which come from their own files, the burden of proof is on the respondent to introduce evidence to rebut a presumption that such documents are authentic and kept in the regular course of business.

(e) *Objections.* (1) Objections to the admissibility of evidence must be timely made and rulings on all objections must appear on the record.

(2) Whenever evidence is excluded from the record, the party offering such evidence may make an offer of proof, which shall be included in the record. Rejected exhibits, adequately marked for identification, shall be retained pursuant to § 1081.306(b) so as to

be available for consideration by any reviewing authority.

(3) Failure to object to admission of evidence or to any ruling constitutes a waiver of the objection.

(f) *Stipulations.* (1) The parties may, at any stage of the proceeding, stipulate as to any relevant matters of fact or the authentication of any relevant documents. Such stipulations must be received in evidence at a hearing and are binding on the parties with respect to the matters therein stipulated.

(2) Unless the hearing officer directs otherwise, all stipulations of fact and law previously agreed upon by the parties, and all documents, the admissibility of which have been previously stipulated, will be admitted into evidence upon commencement of the hearing.

(g) *Presentation of evidence.* (1) A witness at a hearing for the purpose of taking evidence shall testify under oath or affirmation.

(2) A party is entitled to present its case or defense by sworn oral testimony and documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as, in the discretion of the hearing officer, may be required for a full and true disclosure of the facts.

(3) An adverse party, or an officer, agent, or employee thereof, and any witness who appears to be hostile, unwilling, or evasive, may be interrogated by leading questions and may also be contradicted and impeached by the party calling him or her.

(4) The hearing officer shall exercise reasonable control over the mode and order of interrogating witnesses and presenting evidence so as to:

(i) Make the interrogation and presentation effective for the ascertainment of the truth;

(ii) Avoid needless consumption of time; and

(iii) Protect witnesses from harassment or undue embarrassment.

(5) The hearing officer may permit a witness to appear at a hearing via video conference or telephone for good cause shown.

(h) *Introducing prior sworn statements of witnesses into the record.* At a hearing, any party wishing to introduce a prior, sworn statement of a witness,

not a party, otherwise admissible in the proceeding, may make a motion setting forth the reasons therefore. If only part of a statement is offered in evidence, the hearing officer may require that all relevant portions of the statement be introduced. If all of a statement is offered in evidence, the hearing officer may require that portions not relevant to the proceeding be excluded. A motion to introduce a prior sworn statement may be granted if:

(1) The witness is dead;

(2) The witness is out of the United States, unless it appears that the absence of the witness was procured by the party offering the prior sworn statement;

(3) The witness is unable to attend or testify because of age, sickness, infirmity, imprisonment or other disability;

(4) The party offering the prior sworn statement has been unable to procure the attendance of the witness by subpoena; or

(5) In the discretion of the hearing officer, it would be desirable, in the interests of justice, to allow the prior sworn statement to be used. In making this determination, due regard shall be given to the presumption that witnesses will testify orally in an open hearing. If the parties have stipulated to accept a prior sworn statement in lieu of live testimony, consideration shall also be given to the convenience of the parties in avoiding unnecessary expense.

#### § 1081.304 Record of the hearing.

(a) *Reporting and transcription.* Hearings shall be stenographically reported and transcribed under the supervision of the hearing officer, and the original transcript shall be a part of the record and the sole official transcript. The live oral testimony of each witness may be video recorded digitally, in which case the video recording and the written transcript of the testimony shall be made part of the record. Copies of transcripts shall be available from the reporter at prescribed rates.

(b) *Corrections.* Corrections of the official transcript may be made only when they involve errors affecting substance and then only in the manner herein provided. Corrections ordered by

the hearing officer or agreed to in a written stipulation signed by all counsel and parties not represented by counsel, and approved by the hearing officer, shall be included in the record, and such stipulations, except to the extent they are capricious or without substance, shall be approved by the hearing officer. Corrections shall not be ordered by the hearing officer except upon notice and opportunity for the hearing of objections. Such corrections shall be made by the official reporter by furnishing substitute type pages, under the usual certificate of the reporter, for insertion in the official record. The original uncorrected pages shall be retained in the files of the Bureau.

(c) *Closing of the hearing record.* Upon completion of the hearing, the hearing officer shall issue an order closing the hearing record after giving the parties three days to determine if the record is complete or needs to be supplemented. The hearing officer shall retain the discretion to permit or order correction of the record as provided in paragraph (b) of this section.

#### § 1081.305 Post-hearing filings.

(a) *Proposed findings and conclusions and supporting briefs.* (1) Using the same method of service for each party, the hearing officer shall serve notice upon each party that the certified transcript, together with all hearing exhibits and exhibits introduced but not admitted into evidence at the hearing, has been filed promptly after that filing. Any party may file with the hearing officer proposed findings of fact, proposed conclusions of law, and a proposed order within 30 days following service of this notice by the hearing officer or within such longer period as may be ordered by the hearing officer.

(2) Proposed findings and conclusions must be supported by citation to any relevant authorities and by page references to any relevant portions of the record. A post-hearing brief may be filed in support of proposed findings and conclusions, either as part of the same document or in a separate document.

(b) *Responsive briefs.* Responsive briefs may be filed within 15 days after the date on which the parties' proposed

findings, conclusions, and order are due. Responsive briefs must be strictly limited to responding to matters, issues, or arguments raised in another party's papers. A party who has not filed proposed findings of fact and conclusions of law or a post-hearing brief may not file a responsive brief. Unless directed by the hearing officer, reply briefs are not permitted.

(c) *Order of filing.* The hearing officer shall not order the filing by any party of any post-hearing brief or responsive brief in advance of the other party's filing of its post-hearing brief or responsive brief.

#### § 1081.306 Record in proceedings before hearing officer; retention of documents; copies.

(a) *Contents of the record.* The record of the proceeding shall consist of:

(1) The notice of charges, the answer, and any amendments thereto;

(2) Each motion, submission, or other paper filed in the proceedings, and any amendments and exceptions to or regarding them;

(3) Each stipulation, transcript of testimony, and any document or other item admitted into evidence;

(4) Any transcript of a conference or hearing before the hearing officer;

(5) Any amicus briefs filed pursuant to § 1081.216;

(6) With respect to a request to disqualify a hearing officer or to allow the hearing officer's withdrawal under § 1081.105(c), each affidavit or transcript of testimony taken and the decision made in connection with the request;

(7) All motions, briefs, and other papers filed on interlocutory appeal;

(8) All proposed findings and conclusions;

(9) Each written order issued by the hearing officer or Director; and

(10) Any other document or item accepted into the record by the hearing officer.

(b) *Retention of documents not admitted.* Any document offered into evidence but excluded shall not be considered part of the record. The Office of Administrative Adjudication shall retain any such document until the later of the date upon which an order by the Director ending the proceeding becomes final and not appealable, or upon

the conclusion of any judicial review of the Director's order.

(c) *Substitution of copies.* A true copy of a document may be substituted for any document in the record or any document retained pursuant to paragraph (b) of this section.

## Subpart D—Decision and Appeals

### § 1081.400 Recommended decision of the hearing officer.

(a) *Time period for filing recommended decision.* Subject to paragraph (b) of this section, the hearing officer shall file a recommended decision no later than 90 days after the deadline for filing post-hearing responsive briefs pursuant to § 1081.305(b) and in no event later than 300 days after filing of the notice of charges.

(b) *Extension of deadlines.* In the event the hearing officer presiding over the proceeding determines that it will not be possible to issue the recommended decision within the time periods specified in paragraph (a) of this section, the hearing officer shall submit a written request to the Director for an extension of the time period for filing the recommended decision. This request must be filed no later than 30 days prior to the expiration of the time for issuance of a recommended decision. The request will be served on all parties in the proceeding, who may file with the Director briefs in support of or in opposition to the request. Any such briefs must be filed within three days of service of the hearing officer's request and shall not exceed five pages. If the Director determines that additional time is necessary or appropriate in the public interest, the Director shall issue an order extending the time period for filing the recommended decision.

(c) *Content.* (1) A recommended decision shall be based on a consideration of the whole record relevant to the issues decided, and shall be supported by reliable, probative, and substantial evidence. The recommended decision shall include a statement of findings of fact (with specific page references to principal supporting items of evidence in the record) and conclusions of law, as well as the reasons or basis therefore, as to all the material issues of

fact, law, or discretion presented on the record and the appropriate order, sanction, relief or denial thereof. The recommended decision shall also state that a notice of appeal may be filed within ten days after service of the recommended decision and include a statement that, unless a party timely files and perfects a notice of appeal of the recommended decision, the Director may adopt the recommended decision as the final decision and order of the Bureau without further opportunity for briefing or argument.

(2) Consistent with paragraph (a) of this section, when more than one claim for relief is presented in an adjudication proceeding, or when multiple parties are involved, the hearing officer may direct the entry of a recommended decision as to one or more but fewer than all of the claims or parties only upon an express determination that there is no just reason for delay and upon an express direction for the entry of a recommended decision.

(d) *By whom made.* The recommended decision shall be made and filed by the hearing officer who presided over the hearings, except when he or she shall have become unavailable to the Bureau.

(e) *Reopening of proceeding by hearing officer; termination of jurisdiction.* (1) At any time from the close of the hearing record pursuant to § 1081.304(c) until the filing of his or her recommended decision, a hearing officer may reopen the proceeding for the receipt of further evidence for good cause shown.

(2) Except for the correction of clerical errors or pursuant to an order of remand from the Director, the jurisdiction of the hearing officer is terminated upon the filing of his or her recommended decision with respect to those issues decided pursuant to paragraph (c) of this section.

(f) *Filing, service, and publication.* Upon filing by the hearing officer of the recommended decision, the Office of Administrative Adjudication shall promptly transmit the recommended decision to the Director and serve the recommended decision upon the parties.

**§ 1081.401 Transmission of documents to Director; record index; certification.**

(a) *Filing of index.* At the same time the Office of Administrative Adjudication transmits the recommended decision to the Director, the hearing officer shall furnish to the Director a certified index of the entire record of the proceedings. The certified index shall include, at a minimum, an entry for each paper, document or motion filed in the proceeding, the date of the filing, and the identity of the filer. The certified index shall also include an exhibit index containing, at a minimum, an entry consisting of exhibit number and title or description for each exhibit introduced and admitted into evidence and each exhibit introduced but not admitted into evidence.

(b) *Retention of record items by the Office of Administrative Adjudication.* After the close of the hearing, the Office of Administrative Adjudication shall retain originals of any motions, exhibits or any other documents filed with, or accepted into evidence by, the hearing officer, or any other portions of the record that have not already been filed with the Office of Administrative Adjudication.

**§ 1081.402 Notice of appeal; review by the Director.**

(a) *Notice of appeal*—(1) *Filing.* Any party may file exceptions to the recommended decision of the hearing officer by filing a notice of appeal with the Office of Administrative Adjudication within ten days after service of the recommended decision. The notice shall specify the party or parties against whom the appeal is taken and shall designate the recommended decision or part thereof appealed from. If a timely notice of appeal is filed by a party, any other party may thereafter file a notice of appeal within five days after service of the first notice, or within ten days after service of the recommended decision, whichever period expires last.

(2) *Perfecting a notice of appeal.* Any party filing a notice of appeal must perfect its appeal by filing its opening appeal brief within 30 days of service of the recommended decision. Any party may respond to the opening appeal brief by filing an answering brief with-

in 30 days of service of the opening brief. Any party may file a reply to an answering brief within seven days of service of the answering brief. These briefs must conform to the requirements of § 1081.403.

(b) *Director review other than pursuant to an appeal.* In the event no party perfects an appeal of the recommended decision, the Director shall, within 40 days after the date of service of the recommended decision, either issue a final decision and order adopting the recommended decision, or order further briefing regarding any portion of the recommended decision. The Director's order for further briefing shall set forth the scope of review and the issues that will be considered and will make provision for the filing of briefs in accordance with the timelines set forth in paragraph (a)(2) of this section (except that that opening briefs shall be due within 30 days of service of the order of review) if deemed appropriate by the Director.

(c) *Exhaustion of administrative remedies.* Pursuant to 5 U.S.C. 704, a perfected appeal to the Director of a recommended decision pursuant to paragraph (a) of this section is a prerequisite to the seeking of judicial review of a final decision and order, or portion of the final decision and order, adopting the recommended decision.

**§ 1081.403 Briefs filed with the Director.**

(a) *Contents of briefs.* Briefs shall be confined to the particular matters at issue. Each exception to the findings or conclusions being reviewed shall be stated succinctly. Exceptions shall be supported by citation to the relevant portions of the record, including references to the specific pages relied upon, and by concise argument including citation of such statutes, decisions, and other authorities as may be relevant. If the exception relates to the admission or exclusion of evidence, the substance of the evidence admitted or excluded shall be set forth in the brief, in an appendix thereto, or by citation to the record. Reply briefs shall be confined to matters in answering briefs of other parties.



(b) *Length limitation.* Except with leave of the Director, opening and answering briefs shall not exceed 30 pages, and reply briefs shall not exceed 15 pages, exclusive of pages containing the table of contents, table of authorities, and any addendum that consists solely of copies of applicable cases, pertinent legislative provisions or rules, and exhibits. Motions to file briefs in excess of these limitations are disfavored.

**§ 1081.404 Oral argument before the Director.**

(a) *Availability.* The Director will consider appeals, motions, and other matters properly before him or her on the basis of the papers filed by the parties without oral argument unless the Director determines that the presentation of facts and legal arguments in the briefs and record and decisional process would be significantly aided by oral argument, in which case the Director shall issue an order setting the date on which argument shall be held. A party seeking oral argument shall so indicate on the first page of its opening or answering brief.

(b) *Public arguments; transcription.* All oral arguments shall be public unless otherwise ordered by the Director. Oral arguments before the Director shall be reported stenographically, unless otherwise ordered by the Director. Motions to correct the transcript of oral argument shall be made according to the same procedure provided in § 1081.304(b).

**§ 1081.405 Decision of the Director.**

(a) Upon appeal from or upon further review of a recommended decision, the Director will consider such parts of the record as are cited or as may be necessary to resolve the issues presented and, in addition, will, to the extent necessary or desirable, exercise all powers which he or she could have exercised if he or she had made the recommended decision. In proceedings before the Director, the record shall consist of all items part of the record below in accordance with § 1081.306; any notices of appeal or order directing review; all briefs, motions, submissions, and other papers filed on appeal or review; and the transcript of any oral ar-

gument held. Review by the Director of a recommended decision may be limited to the issues specified in the notice(s) of appeal or the issues, if any, specified in the order directing further briefing. On notice to all parties, however, the Director may, at any time prior to issuance of his or her decision, raise and determine any other matters that he or she deems material, with opportunity for oral or written argument thereon by the parties.

(b) Decisional employees may advise and assist the Director in the consideration and disposition of the case.

(c) In rendering his or her decision, the Director will affirm, adopt, reverse, modify, set aside, or remand for further proceedings the recommended decision and will include in the decision a statement of the reasons or basis for his or her actions and the findings of fact upon which the decision is predicated.

(d) At the expiration of the time permitted for the filing of reply briefs with the Director, the Office of Administrative Adjudication will notify the parties that the case has been submitted for final Bureau decision. The Director will issue and the Office of Administrative Adjudication will serve the Director's final decision and order within 90 days after such notice, unless within that time the Director orders that the adjudication proceeding or any aspect thereof be remanded to the hearing officer for further proceedings.

(e) Copies of the final decision and order of the Director shall be served upon each party to the proceeding, upon other persons required by statute, and, if directed by the Director or required by statute, upon any appropriate State or Federal supervisory authority. The final decision and order will also be published on the Bureau's Web site or as otherwise deemed appropriate by the Bureau.

**§ 1081.406 Reconsideration.**

Within 14 days after service of the Director's final decision and order, any party may file with the Director a petition for reconsideration, briefly and specifically setting forth the relief desired and the grounds in support thereof. Any petition filed under this section must be confined to new questions raised by the final decision or final

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order and upon which the petitioner had no opportunity to argue, in writing or orally, before the Director. No response to a petition for reconsideration shall be filed unless requested by the Director, who will request such response before granting any petition for reconsideration. The filing of a petition for reconsideration shall not operate to stay the effective date of the final decision or order or to toll the running of any statutory period affecting such decision or order unless specifically so ordered by the Director.

### § 1081.407 Effective date; stays pending judicial review.

(a) Other than consent orders, which shall become effective at the time specified therein, an order to cease and desist or for other affirmative action under section 1053(b) of the Dodd-Frank Act becomes effective at the expiration of 30 days after the date of service pursuant to § 1081.113(d)(2), unless the Director agrees to stay the effectiveness of the order pursuant to this section.

(b) Any party subject to a final decision and order, other than a consent order, may apply to the Director for a stay of all or part of that order pending judicial review.

(c) A motion for stay shall state the reasons a stay is warranted and the facts relied upon, and shall include supporting affidavits or other sworn statements, and a copy of the relevant portions of the record. The motion shall address the likelihood of the movant's success on appeal, whether the movant will suffer irreparable harm if a stay is not granted, the degree of injury to other parties if a stay is granted, and why the stay is in the public interest.

(d) A motion for stay shall be filed within 30 days of service of the order on the party. Any party opposing the motion may file a response within five days after receipt of the motion. The movant may file a reply brief, limited to new matters raised by the response, within three days after receipt of the response.

(e) The commencement of proceedings for judicial review of a final decision and order of the Director does not, unless specifically ordered by the Director or a reviewing court, operate as a stay of any order issued by the Di-

rector. The Director may, in his or her discretion, and on such terms as he or she finds just, stay the effectiveness of all or any part of an order pending a final decision on a petition for judicial review of that order.

### Subpart E—Temporary Cease-and-Desist Proceedings

SOURCE: 78 FR 59164, Sept. 26, 2013, unless otherwise noted.

#### § 1081.500 Scope.

(a) This subpart prescribes the rules of practice and procedure applicable to the issuance of a temporary cease-and-desist order authorized by section 1053(c) of the Dodd-Frank Act (12 U.S.C. 5563(c)).

(b) The issuance of a temporary cease-and-desist order does not stay or otherwise affect the proceedings instituted by the issuance of a notice of charges, which are governed by subparts A, B, C, and D of this part.

#### § 1081.501 Basis for issuance, form, and service.

(a) *In general.* The Director or his or her designee may issue a temporary cease-and-desist order if he or she determines that one or more of the alleged violations specified in a notice of charges, or the continuation thereof, is likely to cause the respondent to be insolvent or otherwise prejudice the interests of consumers before the completion of the adjudication proceeding. A temporary cease-and-desist order may require the respondent to cease and desist from any violation or practice specified in the notice of charges and to take affirmative action to prevent or remedy such insolvency or other condition pending completion of the proceedings initiated by the issuance of a notice of charges.

(b) *Incomplete or inaccurate records.* When a notice of charges specifies, on the basis of particular facts and circumstances, that the books and records of a respondent are so incomplete or inaccurate that the Bureau is unable to determine the financial condition of the respondent or the details or purpose of any transaction or transactions that may have a material effect on the financial condition of the respondent,

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then the Director or his or her designee may issue a temporary order requiring:

(1) The cessation of any activity or practice which gave rise, whether in whole or in part, to the incomplete or inaccurate state of the books or records; or

(2) Affirmative action to restore such books or records to a complete and accurate state, until the completion of the adjudication proceeding.

(c) *Content, scope and form of order.* Every temporary cease-and-desist order accompanying a notice of charges shall describe:

(1) The basis for its issuance, including the alleged violations and the harm that is likely to result without the issuance of an order; and

(2) The act or acts the respondent is to take or refrain from taking.

(d) *Effective and enforceable upon service.* A temporary cease-and-desist order is effective and enforceable upon service.

(e) *Service.* Service of a temporary cease-and-desist order shall be made pursuant to § 1081.113(d).

### § 1081.502 Judicial review, duration.

(a) *Availability of judicial review.* Judicial review of a temporary cease-and-desist order shall be available solely as provided in section 1053(c)(2) of the Dodd-Frank Act (12 U.S.C. 5563(c)(2)). Any respondent seeking judicial review of a temporary cease-and-desist order issued under this subpart must, not later than ten calendar days after service of the temporary cease-and-desist order, apply to the United States district court for the judicial district in which the residence or principal office is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order.

(b) *Duration.* Unless set aside, limited, or suspended by the Director or his or her designee, or by a court in proceedings authorized under section 1053(c)(2) of the Dodd-Frank Act (12 U.S.C. 5563(c)(2)), a temporary cease-and-desist order shall remain effective and enforceable until:

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(1) The effective date of a final order issued upon the conclusion of the adjudication proceeding;

(2) With respect to a temporary cease-and-desist order issued pursuant to § 1081.501(b) only, the Bureau determines by examination or otherwise that the books and records are accurate and reflect the financial condition of the respondent, and the Director or his or her designee issues an order terminating, limiting, or suspending the temporary cease-and-desist order.

## PART 1082—STATE OFFICIAL NOTIFICATION RULES

AUTHORITY: 12 U.S.C. 5481 *et seq.*

SOURCE: 77 FR 39116, June 29, 2012, unless otherwise noted.

### § 1082.1 Procedures for notifying the Bureau of Consumer Financial Protection when a State Official takes an action to enforce title X of the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010.

(a) *Notice requirement.* (1) Pursuant to 12 U.S.C. 5552(b) and except as provided in paragraph (b) of this section, every State attorney general and State regulator (State Official) shall provide the notice described in paragraph (c) of this section to the Office of Enforcement of the Bureau of Consumer Financial Protection (the Bureau), the office of the Bureau responsible for enforcement of Federal consumer financial law pursuant to title X of the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act of 2010, as amended, Public Law 111–203 (July 21, 2010), codified at 12 U.S.C. 5481 *et seq.* (the Dodd-Frank Act), and the Office of the Executive Secretary of the Bureau at least ten calendar days prior to initiating any action against any covered person. For purposes of this section, an action requiring notification is any adjudicative proceeding before a court or an administrative or regulatory body to determine whether a violation of any provision of title X of the Dodd-Frank Act or any regulation prescribed thereunder has occurred. Initiating an action under this